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NEWS SUMMARY

GENERAL

UN bid to halt Namibia polls

The United Nations Security Council took a step closer to imposing sanctions against South Africa yesterday by passing a resolution calling on the country to cancel its planned elections in Namibia immediately.

The five Western nations, including Britain, abstained from the vote, which threatened "appropriate actions" if South Africa did not agree to U.N.-supervised elections. But the wording of the resolution leaves room for compromise.

In Johannesburg, Mr. Brand Fourie, Foreign Secretary, said it was "obvious" that his government would not call off the elections. Back Page

U.S. offers new Mid-East plan

Egypt and Israel are studying a U.S. compromise plan aimed at overcoming the main stumbling block of the Palestinian question towards a peace treaty as delegates from both countries prepared to return home from Washington for consultations. Page 4

Gatwick switch may be put off

Britain may postpone the April 1 date set for transferring from Heathrow to Gatwick all scheduled air services between London, Spain and Portugal.

However, Iberia, the Spanish flag-carrier, says it is determined not to move its flights to Gatwick unless ordered to do so by its own Government.

Air fares revolt

More North American airlines are expected to withdraw in the coming weeks from the fare-fixing activities of the International Air Transport Association. But they are not expected to pull out. Back Page

Iran oil hopes

Production in Iran's strike-hit oil industry appeared to be returning to normal gradually, although there were reports of further clashes between security forces and demonstrators demanding an end to martial law. Yesterday's output was [illegible] barrels. Page 4 and 22.

Potholers saved

Four potholers, including a badly injured girl, were rescued from a cave at Buckden, Yorkshire, after a desperate race against rising floodwaters. They were trapped for 22 hours.

Bread strike talks

Bakers' union leaders, who called a nation-wide strike two weeks ago to press for a 26 per cent pay rise, are to meet employers today following intervention by the Advisory Conciliation and Arbitration Service. Page 10

Now 'ear this

The Government is discussing with the Health and Safety Executive ways of dealing with the risk of unqualified people carrying out ear piercing, the Health Minister told the Commons. Parliament, Page 10

Briefly . . .

An electrical fault blacked out large areas of the House of Commons, although debate was not interrupted.

A French journalist was charged with concealing a criminal after her interview with a man said to be the country's most wanted man was published in Paris Match.

Editor Simon Jenkins of the Evening Standard has resigned after disagreements with Mr. Vic Matthews, chairman of Express Newspapers. Page 8

BUSINESS

Equities firm; tin falls £245

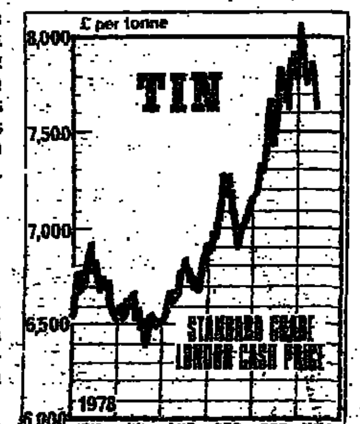
● EQUITIES were firm, with small investment demand for leading industrials. The FT ordinary share index closed 1.3 up at 474.5. In Hong Kong, the Hang Seng index fell 37.93 to 537.16 in heavy selling across the board. In Germany, the Commerzbank index fell 6.3 to 821.3.

● GILTS improved and the Government Securities index rose 0.06 to 67.98.

● STERLING lost 10 points to \$1.9670. Its trade-weighted index remaining at 62.2. The dollar's depreciation narrowed to 9.8 per cent (9.9).

● GOLD rose \$2¼ in London to \$210¼ and in New York the Comex November settlement price was \$210.60 (\$209.60).

● TIN prices tumbled on the LME on heavy speculative selling. Standard grade cash fell £245 to £7,610 a tonne.



● WALL STREET, depressed by the Prime Rate increase and other inflation news, fell 15.08 to 792.01 in moderate trading.

● U.S. TREASURY bill rates were: threes 8.593 per cent (9.028), sixes 9.291 per cent (9.419).

● LLOYD'S of London is to raise the maximum level of professional indemnity cover required of its own insurance brokers from £5m to £20m. Page 7

● JAPANESE hi-fi equipment company is believed to be close to agreement with the Government for the rescue of Strathearn, an ailing Government-sponsored company in Northern Ireland.

LABOUR

Talks at Ford tomorrow

● FORD workers have asked that fresh talks on the strike which has been going on for nearly two months be started, and Ford management and union negotiators will meet tomorrow. Back Page

At Vauxhall, 3,500 skilled workers at Luton and Dunstable have refused to join 900 workers at Ellesmere Port in a pay differentials strike. Page 10

● VOLKSWAGEN and Nixdorf, both of West Germany, are holding talks which could result in VW taking a stake in one of Germany's most vigorous privately-owned computer companies. Back Page

COMPANIES

● DAWSON INTL. has made a revised agreed £24.9m cash and share offer for John Haggas, the Yorkshire yarn spinner. Page 26 and Lex

● U.S. JUSTICE DEPARTMENT has filed an anti-trust suit against United Technologies' \$1bn bid for Carrier Corporation. Page 28

● NIPPON STEEL reports net profit 37.7 per cent up at Y10.70bn from Y7.77bn for the half year to September 30, because of exchange rate gains. Page 31

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
...Rubber	164	+ 4	Stag Line	100	+ 10
...mercial Union	142	+ 6	Sunbeam Wolsey	41	+ 4
...Sportswear	34	+ 6	Tarmac	346	+ 5
...	258	+ 6	Unilever	545	+ 8
...	73	+ 4	Walker (A.)	233	+ 7½
...al Accident	198xd	+ 10	Wolseley-Hughes	207	+ 4
...	315	+ 7	BP	908	+ 24
...	185	+ 9	Shell Transport	577	+ 15
...(J.)	230	+ 5	De Beers Dfd.	336	+ 6
...Scott	294	+ 4	Hartebeest	£12	+ 1
...	68xd	+ 1½	Kloof	222	+ 22
...Bank	258	+ 6	RTZ	236	+ 5
...West	272	+ 4	Stilfontein	282	+ 6
Rainers	65	+ 4	FALLS		
Richardsons Wgrth.	435xd	+ 4	Assoc. Dairies	170	− 6
Riley (E. J.)	37	+ 4	HK Shanghai	234	− 13
Royal Insurance	348xd	+ 8	Jardine Matheson	282	− 18
Saatchi and Saatchi	203	+ 5	Ayer Hitam	310	− 10
Smith Inds.	190	+ 4	Berjuntai	210	− 5
			Tronoh	210	− 10

Callaghan calls for basic reforms in Common Market

BY RICHARD EVANS, LOBBY EDITOR

Mr. James Callaghan said last night that fundamental Common Market reforms were needed urgently and warned that Britain could not become the largest net contributor to the EEC budget.

He accompanied his warning, at the Lord Mayor's banquet in Guildhall, by a clear hint that Britain would not be prepared to join the European Monetary System on the proposed date early next year.

His view was that any members of the Community who proposed to stay out of the scheme at present should not impede its establishment by others.

He urged that the scheme should be drawn up flexibly enough to allow for enlargement and change at a later date, possibly involving the dollar.

Although much of the tone of the Premier's speech was undeniably critical of the way the Common Market has developed, his underlying conviction remained one of optimism.

"I have no doubt that the Community will continue to progress and that co-operation will grow.

"What is now needed is to recall the original objective of those who founded the Community, namely that its purpose was to strengthen the economies of members and by reducing regional differences to ensure their harmonious development," he said.

The Prime Minister's basic argument was that while Britain did not seek to amend the true objectives of the Community, fundamental changes were needed not just for the sake of the UK but for the Market as a whole.

The Prime Minister inserted in his Guildhall speech a plea to the nation above the heads of trade union leaders and negotiators to back the Government's policy of restraining pay demands to ensure the maintenance of single-figure inflation.

"I ask the British people to make the cynics swallow their own words. . . . I seek the active support of every man and woman in these tasks," he declared.

But significantly Mr. Callaghan did not mention the 5 per cent guideline—a figure that will also be excluded from the statement agreed between Ministers and TUC leaders which could be published today.

He made his speech against the background of growing disenchantment among Labour activists and MPs at Britain's role in the Common Market and shortly before a divided Cabinet reaches its verdict on EMS.

In particular, the Prime Minister could not agree that Britain should become the largest net contributor to the budget. A report from the Commission's Economic Policy Committee disclosed yesterday suggested that given current trends Britain could overtake West Germany as the largest contributor by 1980.

The basic weakness at present, said Mr. Callaghan, was that over 70 per cent of the total Community Budget was swallowed up by agricultural support.

Mr. Callaghan proposed three changes he said were necessary in the short term to correct such a fundamental imbalance:—

1—The Community should take a more liberal attitude toward agricultural imports from the rest of the world.

2—The Common Market should use the available export subsidies better.

3—The member-nations should reconsider their policy of increasing price support every year and should put an end to a situation in which they actually increased the price support of a product already over-produced.

EEC finances Page 2

Growth of UK economic activity slackens slightly

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE PACE of the upturn in economic activity has slackened slightly in the past few months after the rapid advance earlier in the year.

But the lull may be short-lived. Demand should be boosted by this week's increase in social security benefits and by the implementation of further tax cuts.

A slight easing from the buoyant conditions of the spring and early summer is indicated by the retail sales figures for October and the industrial production index for September, both published yesterday.

Industrial output has been held back by disputes, notably at Ford, while there may also have been some adjustments in the level of stocks of goods.

The check to the advance is relative only to the earlier rapid growth. Retail sales and output have each still been much higher than a year ago.

The volume of spending in the shops last month is provisionally estimated as being exactly the same as in September, at 109.5 (1971=100, seasonally adjusted).

		Retail sales (1971=100)	Industrial production All-industries (1975=100)	Manufacturing (1975=100)
1977	1st	103.3	105.6	103.9
	2nd	102.5	105.5	102.4
	3rd	104.3	106.3	103.3
	4th	104.4	105.9	102.1
1978	1st	106.3	107.1	102.5
	2nd	108.0	111.1	105.4
	3rd	110.8	110.6	104.8
	July	111.4	111.1	105.2
	August	111.8	110.9	105.2
	September	109.5	109.8	104.0
	October	109.5*	—	—

All data seasonally adjusted. * Provisional.
Sources: Department of Trade and Central Statistical Office

The volume of sales in the past two months was below the high level of July and August, when the index averaged 111.6, but above that in the earlier months of this year.

Between August and October sales volume was only ½ per cent higher than in the previous three months, while during the first ten months of 1978 trade was about 4½ per cent above the annual average for last year.

The retail trade had expected a lull during the early autumn following buoyant earlier sales boosted by large back-dated income tax cuts.

The further instalment of tax cuts will result in the payment of £330m of rebates in the next few weeks, apart from the impact of the higher social security benefits.

Any rise in consumer demand should lead to renewed expansion of industrial output, which

Continued on Back Page

BL to close Southall factory

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL, formerly British Leyland, told the unions yesterday it wants to close the Leyland Vehicles factory at Southall, London, at a cost of 2,500 jobs.

The company said last night that the plant, built in the mid-1930s by AEC, now a subsidiary of Leyland Vehicles, could never be made viable because fixed overheads were too high.

Assembly of the big Marathon trucks will be moved to Leyland, Lancashire, and manufacture of L12 and TL12 engines for heavy vehicles will be switched to the Scammell factory at Watford, Hertfordshire.

The immediate reaction of trade unionists was total opposition, according to Mr. Roger Butler, district secretary of the Amalgamated Union of Engineering Workers, the biggest union at the plant.

He said: "We are calling for Government intervention. It is not just jobs at the plant which are at stake. Those of thousands who live off the factory in shops, transport and as sub-contractors are also affected because AEC is the biggest employer. The whole town will be affected."

A mass meeting of AEC workers has been called for Friday to discuss a campaign of resistance to the closure.

However, it is certain that a decision of this size would already have been discussed by the BL Board and the National Enterprise Board. There is also every sign that the Government is willing to back Mr. Michael Edwardes, BL chairman, in his efforts to improve the group's performance.

In the first half of the current year, Leyland Vehicles just about broke even on tractor, truck and engine production, compared with a £21m taxable profit in the same period of 1977. The division will make a substantial loss for the year as a whole.

Discussions with the unions about a major rationalisation programme for heavy trucks operations have been going on for some time. It could involve a further 1,000 redundancies in

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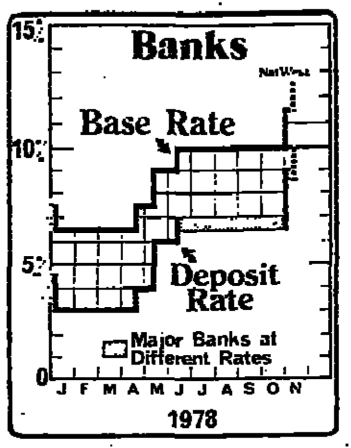

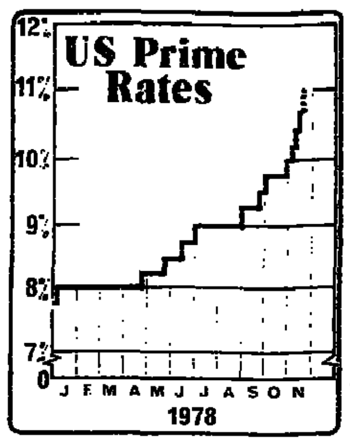

NatWest base rate up 1%

BY MICHAEL BLANDEN

THE COST of bank overdrafts was increased again yesterday as National Westminster Bank raised its base rate by 1 per cent to 12½ per cent.

The move brought the bank's base rate into line with the Bank of England's Minimum Lending Rate, which was increased sharply last week by 2½ per cent to 12½ per cent.

The other big banks are expected to follow the NatWest lead shortly, although last night they were still waiting for the level of rates in the money market to settle down after last week's changes before making their final decisions.

At the same time, NatWest increased the competition for deposits and took a further cut in its own profit margin by lifting the rate paid on its branch deposits by 1½ per cent to 10 per cent. NatWest's moves were followed by its subsidiary, Coutts.

The increase could bring renewed pressure on the building societies, which last Friday in response to the MLR rise, announced an increase in their mortgage rate by a record 2 per cent to 11¾ per cent.

NatWest's move took its base rate to the highest level since early 1977. It means that the top-quality corporate customers of the bank will now pay 13½ per cent for overdrafts, while other borrowers will be charged up to about 17 per cent.

There were signs of some disagreement among the big banks yesterday about the appropriate level of their rates, as the money market remained uncertain in its reaction to last week's changes.

However, with the pressure of the official corset restraint on the growth of bank deposits and the imminence of Wednesday's mid-month make-up date for the banking figures, it appeared unlikely that banks would remain out of line with each other for long.

The change was the second increase within a fortnight, following the jump in base rate from 10 per cent to 11½ per cent at the end of the week before last.

Lex Back Page

Three U.S. banks raise prime rates to 11%

BY STEWART FLEMING

NEW YORK, Nov. 13.

ANOTHER ROUND of increases in U.S. prime rates appeared to be under way today as three large banks raised the interest rate they charge their best customers from 10¾ per cent to 11 per cent.

The increase has been expected for several days, as a result of the higher cost of money resulting from President Carter's measures to support the dollar.

The stock market, fearful of recession, took the new badly. Share prices fell sharply, the Dow Jones Industrial Average closing 15.08 down at 792.01.

Mr. Barry Bosworth, director of the Council on Wage and Price Stability, said that in the longer term higher interest rates meant an inevitable curtailment of home building and business investments and a recession which could be "more severe than that of 1975."

The First National Bank of Chicago, the 9th largest bank in the country, led the way to higher prime rates today, followed by First Pennsylvania Bank, the 19th largest, and Harris Trust and Savings, the 24th largest.

However, the banks are anxious to increase their lending charges to offset the sharply increased costs they are having to pay to obtain funds. Since loan demand continues to be strong, they are able to do so and it therefore seems highly likely that other banks will follow First Chicago's lead.

£ in New York

—	Nov. 13	Previous
Spot	\$1.9710-9725	[illegible]
1 month	0.45-0.40 dis	[illegible]
3 months	1.33-1.27 dis	[illegible]
12 months	4.50-4.30 dis	[illegible]

Mexico claims new oil reserves

By David Lascelles

CHICAGO, Nov. 13.

MEXICO today announced the discovery of a new oil reservoir which it claims will enable it to achieve sharp increases in oil and gas production and accelerate exports.

The reservoir, to be called the Chicontepec Field, is 75 miles long and lies in the coastal plain of the Gulf of Mexico. Its several oilfields are estimated to contain just over 100 bn barrels of oil in place, and 40 trillion cu ft of natural gas.

This compares with Mexico's most recent assessment of total potential oil and gas issued in

July as 200bn barrels of oil equivalent. By contrast, the British sector of the North Sea contain about 19bn barrels proven reserves.

The discovery was disclosed here by Sr. Jorge Diaz Serrano, director-general of Petroleos Mexicanos (Pemex), the state oil and gas company, in a speech to the annual meeting of the American Petroleum Institute.

Sr. Serrano said the reservoir's statistics were backed by "abundant and trustworthy information" and had been confirmed by "specialised companies."

The reservoir was discovered, he said, as a result of re-assessments of hydrocarbon shows obtained while tapping deposits below it. In other words, the Mexicans had apparently drilled through the field some time ago without appreciating its importance.

Re-assessments, combined with new test wells, had revealed a series of thick oilbeds at depths ranging between 3,000 ft. and 6,000 ft. Together they make up what Pemex's unnamed consultants describe as "one of the bigger hydrocarbon accumulations in the Western hemisphere."

Studies are now being made to determine what percentage of the deposits can be economically extracted.

Sr. Serrano said development of the new reservoir would begin immediately and would last 13 years.

Hungary devalues in Europe

By Roger Boyes

HUNGARY has devalued the forint against six West European currencies and revalued it by 5 per cent against the U.S. dollar. The devaluation is apparently aimed at making Hungarian goods more competitive in the vital West European markets and the increase in the forint/dollar rate reflects the downward trend of the dollar in world markets.

According to an announcement by the Hungarian National Bank, the forint was devalued by 6 per cent against the D-Mark, the Belgian franc, the Dutch guilder, the Luxembourg franc, and the Austrian schilling. The forint was devalued by 8 per cent against the Swiss franc. The exchange rates for sterling, the French franc, the yen and the Italian lira were not changed.

One of the more immediate effects of the devaluation is expected to be a further boost in tourism from the West which has increased rapidly over the past few years. The devaluation of the forint against the Austrian schilling is likely to be an additional incentive for Austrians to holiday in Hungary, when visa regulations are lifted next year.

In an interview, Dr. Janos [illegible], deputy president of the Hungarian national bank, said that by devaluing the forint against the hard currencies, "we want to make our foreign trade companies interested in reducing dollar exports. We want them [illegible] goods for dollars where this is possible.

"On the import side, the same thing means that products purchased for hard currency will become more expensive, so the companies will have to be more careful in choosing their sources of purchase."

The move, reported by the Hungarian news agency, MTI, follows a concentrated effort by Budapest to make foreign trade organisations more effective and more responsive to price movements in the West. Earlier this year [illegible]

EUROPEAN COMMUNITY FINANCING

UK could become top contributor

BY MARGARET VAN HATTEM — BRUSSELS, Nov. 13.

FIGURES CONTAINED in a confidential EEC report indicating that Britain will, by 1980, be paying more on balance to the Community budget than any other member, are expected to provide ammunition for the UK Government in its fight to restructure the EEC financing system.

The report is part of the "concurrent studies" undertaken, at British insistence, to examine how weaker EEC economies can be strengthened to a point where they could live with the constraints of the proposed European Monetary System (EMS).

The report which was prepared by the EEC economic policy committee (representing nine governments and the Commission) contains few surprises. Even the statistical tables annexed to it merely spell out the effects of the phasing out of transitional budgetary arrangements to limit the contribution of the UK, Ireland and Denmark in the early years of EEC membership.

That is, they indicate a sharp rise in the net British contribution and a sharp fall in the net West German contribution, by 1980.

This trend was expected. But the most startling thing about the report is its presentation of a detailed breakdown of Community financing in terms of national gains and losses. The EEC Commission, let alone those countries receiving most out of the budget, has long resisted the attempt to analyse the budget in terms of net contributors and recipients but there seems to have been a marked shift of opinion within the Commission over the past few months, culminating in its Green Paper, published last week, which argues for a more direct relation between budget contributions and ability to pay.

	EEC budget under present restricted system, millions of EEC Units of Account	Net transfers with unrestricted contributions, millions of EEC Units of Account	Per capita GNP as percentage of EEC average
West Germany	−1,291.67	−854.66	135
France	−46.49	+171.05	122
Italy	−66.43	−171.75	56
Holland	+286.05	+284.64	121
Benelux	+378.35	+467.53	73
Britain	−624.06	−1,208.96	73
Ireland	+408.40	+381.70	47
Denmark	+519.62	+494.22	141
EEC	+436.23	+436.23	100

+ denotes a net recipient; — denotes a net contributor.

EEC budget revenues are drawn from customs duties on imports from third countries, levies on agricultural imports, and 1 per cent of VAT from member countries. Britain, as a major importer from non-EEC countries, pays almost as much as France and West Germany into the EEC budget but recoups much less because most EEC spending is used up in supporting EEC farm prices. Britain, with a small, relatively efficient farming sector, gets less from this than most.

Under the Treaty of Accession, Britain paid only 45 per cent of its share to the EEC budget when it joined, this proportion gradually rising to 92 per cent in 1977 and 100 per cent by 1980. Statistics attached to the Economic Policy Committee report indicate that Britain's per capita contribution ros efrom around £2 a year in 1973 to around £8 now, and will reach £15 by 1980; Germans will pay £9.5 by 1980 compared with just over £14 now while Danes will, by 1980, receive £65 a head.

Jenkins warns of a 'two-speed Europe'

BY DAVID WHITE — BASLE, Nov. 13.

IN A CLEAR reference to British hesitancy over joining the proposed European Monetary System (EMS), Mr. Roy Jenkins, President of the EEC Commission, warned here today that a "two-speed Europe" might develop if all countries did not join at the outset.

This might become a "three-speed Europe," when the Community was enlarged, and "the very sense of a Community would be imperilled." Blame would fall not only on the country or countries opting out, but also on other members for not being flexible enough in their proposals.

Success for a new system, due to be launched on January 1, was still far from certain, but was well within the EEC's grasp, Mr. Jenkins told a meeting of the Basle Society for Statistics and Political Economy.

Mr. Jenkins held luncheon talks on European monetary plans with central bankers from major industrialised countries, gathered here for a meeting of the Bank for International Settlements (BIS).

In his address, Mr. Jenkins said that he believed that argument over the obligations which countries would be under to keep currencies in line in the new system could be resolved in the near future.

On the equally controversial point of how extensive credit arrangements should be, Mr. Jenkins suggested lengthening the duration of the short-term financing central banks can draw on to back their exchange market operations, and increasing the amount of short and medium term credit available from 10bn European units of account (ua) to 25bn ua.

Mr. Jenkins emphasised that the emergence of a European Monetary System was not directed against the dollar. The U.S. currency would retain a leading role in the international system, although in the future responsibility might be more widely shared with the European currency unit and the Japanese yen. At the same time, he welcomed President Carter's recent package of dollar support measures.

The question facing central bank governors at their meeting here, however, was whether the support measures would be adequate to guarantee the U.S. currency's stability beyond the short term.

On a public level, the West German Bundesbank, in particular, has been anxious to show its support for the Carter package, especially the option to draw on foreign-currency borrowings. Privately, however, there was still a good deal of uncertainty as to the dollar's future. The prospect of a stable dollar, bankers believed, would add greatly to the chances of a successful European system, the details of which will come up for further discussion tomorrow in a separate meeting of EEC bank governors.

Executive Directors of the International Banking Group from around the world are: John Dunlop, Joseph Galarka, James Hildebrand, Warren Hutchins, Milan Kerno, Harry Martin, Richard Miles, Joseph Oliver, Richard Reitmain, Gerard Troncin and Stephen Wilberding.

Lambsdorff suffers party setback

COUNT OTTO LAMBSDORFF, the West German Economics Minister, has suffered a personal rebuff from his fellow members of the Free Democratic Party (FDP), when he failed to win election to the party's presidium, its highest deliberative body, writes Adrian Dicks in Bonn. Instead, the party's annual conference at Mainz voted for Herr Horst-Juergen Lahmann, the head of Bremen state party, as part of what appeared to most observers to be a distinct swing to the left.

Count Lambsdorff, plainly piqued by his defeat in a straight contest, declined to stand for the larger party committee (vorstand), on which he has in any case an ex-officio place as a member of the federal cabinet.

Herr Hans-Dietrich Genscher, Foreign Minister and leader of the FDP, had no difficulty in winning re-election to his post. But one of the main winners in the committee voting was Frau Ingrid Matthaeus, an articulate and forceful member of the younger generation in the Bundestag who plainly benefited from the liberals' restlessness with the essentially traditional policies identified with Count Lambsdorff and the right of the party.

Journalist charged over Mesrine interview

A freelance French journalist who interviewed France's public enemy number one, escaped prisoner Jacques Mesrine, was indicted yesterday for complicity in glorifying crime, murder and theft, AP reports from Paris. The charges against Isabelle de Wangen, wife of Mesrine's attorney M. Jean-Louis Pelletier, stemmed from the publication of the interview in a July edition of the French magazine Paris Match. According to police, she met Mesrine at a flat in Paris, though she earlier claimed to have been taken, blindfolded, to a rendezvous with him in the country.

EEC tanker proposals

The European Commission has proposed rules aimed at avoiding oil and chemical spills by tightening control over tankers sailing to Community ports, AP reports from Brussels. The Commission proposals, scheduled for debate by Transport Ministers next week, include a requirement that ships file papers before their voyages similar to flight plans required of aircraft. Oil, gas and chemical tankers of more than 1,600 gross tons would be required to give advance notice of their ports of call, as well as details of their cargo and the estimated time of arrival. They would be obliged to stay in constant radio contact with port authorities and radar stations.

Swiss unemployed

The number of unemployed in Switzerland rose 14.5 per cent in October from a month earlier, and was up 8.5 per cent from October, 1977, AP-DJ reports from Berne. At the end of October, a total of 9,265 jobless were reported, up by 1,175 from September and by 723 from October last year. Some 0.3 per cent of the Swiss workforce was out of work.

Shipboard walkout

Crewmen aboard a Singapore-registered freighter docked in Amsterdam have halted work in a bid to win more pay and better working conditions, the Dutch seamen's union told AP. Some 25 deckhands and officers aboard the Tropwind, which is owned by the Navicon Shipping Company of the U.S. but sails under the Singapore flag, began the walkout on Sunday evening. The captain and other non-striking officers are Polish, while the majority of the strikers are Filipino.

Genscher shooting

Police were searching yesterday for an unidentified man who fled after exchanging shots with a guard outside the Bonn residence of Herr Hans-Dietrich Genscher, the West German Foreign Minister, AP reports.

Moi in Paris

Kenyan President Daniel Moi yesterday started his first foreign visit since taking office by sounding out French views on ending the unrest in the Horn of Africa, Reuter reports from Paris. He will spend three days talking to President Valery Giscard d'Estaing, Prime Minister Raymond Barre and Foreign Minister Louis de Guiringaud. Meanwhile, Hungarian leader Janos Kadar starts his first visit to France on Wednesday in a move to forge closer political and trade links between the two countries.

Yugoslav export bank

The Yugoslav Bank for International Economic Co-operation will begin operations next year, Mr. Zlatko Mursec, Deputy Federal Secretary for Finances, told AP-DJ in Belgrade. The bank, set up by an agreement among the six Yugoslav states and two autonomous provinces, is to provide export credits and finance investment abroad.

Arab UNESCO plea

Twenty Arab nations urged UNESCO's general conference yesterday to renew its condemnation and continue its sanctions against Israel for its archeological excavations in Jerusalem, AP reports from Paris. The Israeli Ambassador strongly denied Arab allegations that Israeli excavations were endangering Islamic historical monuments.

Dublin accused

Mr. Michael O'Leary, deputy leader of the Irish Labour Party, who has claimed a million man days could be lost this year because of strikes, says much of the blame must rest with the Government, writes our Dublin correspondent. The Government refusal to intervene in disputes, its abolition of wealth tax, and its failure to construct a fair tax system, had all contributed to the present climate, he said.

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Portugal's President begins three-day visit to Britain

BY JIMMY BURNS — LISBON, Nov. 13.

PRESIDENT Antonio Ramalho Eanes of Portugal arrives in London tomorrow for a three-day State visit to Britain, Portugal's oldest ally and its major trading partner.

The trip has not come at the most convenient time Portuguese officials admit. It was arranged months ago, while Dr. Mario Soares was Prime Minister and before the collapse of the Socialist-Conservatives alliance in July led Portugal into its present political limbo.

During his London visit President Eanes leaves behind him in Lisbon his Prime Minister designate, Sr. Carlos Mota Pinto, who is still trying to form an administration after nearly three weeks of talks.

Because of the political vacuum at home, the President also leaves behind him the travelling troupe of Portuguese businessmen and bankers who accompanied him on a state visit to Brazil earlier this year.

Ironically, one of the few people who will be accompanying the President is Sr. Correia Gago, the present caretaker Foreign Minister, who is likely to be dropped from his post when Sr. Mota Pinto has formed his Government.

Despite the handicaps, however, President Eanes is expected to make the best of an ostensibly tame visit.

Primarily he will seek to assure British political leaders and businessmen that his country is not on the way back to chaos but rather well on the way towards responsible membership of the EEC as a consolidated parliamentary democracy.

Britain, is among the few European countries to have remained constant in its support for Portuguese entry into the Community, largely on "political grounds."

Although no trade agreements or contracts will be signed during the visit, President Eanes is expected to discuss ways of improving Portugal's already substantial trade with Britain. In the first nine months of this year, Portugal exported £190.9m worth of goods to Britain and imported £224m worth, respective increases of 9.6 per cent and 2.1 per cent over the same period last year. The export figure represents nearly 20 per cent of total Portuguese exports.

The President will almost certainly voice, if only cautiously, the concern felt by Portuguese officials over Britain's recently imposed restrictions on imports of Portuguese textiles, which account for 30 per cent of total Portuguese exports.

More positively, the President will reassure the British that despite the stabilisation programme inspired by the International Monetary Fund, Portugal will need to draw on British exports within the medium- and long-term to help its general economic development. Trade officials here note the important role that British mining equipment could play once a future Portuguese Government has given the green light to Portugal's national steel plan.

The plan, first drawn up in January 1977, envisages some £700m worth of Portuguese Government investment in the exploitation of Portugal's sizeable mineral deposits. Agricultural machinery and telecommunications also feature among the British exports known to be of interest to the Portuguese.

In talks with Britain's military chiefs of staff, the President, who is chief of the Portuguese armed forces, will reaffirm his commitment to NATO membership while insisting on Portugal's need of more sophisticated weaponry. President Eanes is known to reflect the feeling of the Portuguese High Command that NATO support is not as forthcoming as it might be, and his army is too often palmed off with second-hand equipment.

Sr. Eanes considers his country to be a strategic area that is essential for NATO's defence, given its potential control of the Atlantic routes and the entry into the Mediterranean. In that respect, he would also like to see his navy bolstered by NATO aid, and the purchase of British frigates.

As a General, President Eanes knows well that the best way to keep the military out of politics is by giving it the equipment it needs.

Lower Spanish inflation forecast

MADRID, Nov. 13.

FERNANDO ARBIL MARTORELL, the Economy Minister, said he believed Spain could reduce its annual inflation rate to 10 per cent by the end of next year, from 15 per cent at the end of this year.

"We maintain it is possible to arrive at the end of 1979 with inflation around 10 per cent, that is, five points less than the rate with which we will close 1978," he told the daily newspaper Ya.

"We believe this is possible with growth of between 4½ and 5 per cent, which will begin to generate new jobs," he added.

Reuter.

MIXED HARVEST FOR FRENCH WINEGROWERS

Red noses in the Beaujolais

BY ROBERT MAUTHNER IN PARIS

THIS YEAR'S Beaujolais Nouveau which will be available from Wednesday onwards, is not only pretentious and amusing, but has robbed Champagne of its traditional sparkle.

What Beaujolais has gained on the swings, Champagne has lost on the roundabouts. The dry Indian summer has produced what even M. Raymond Barre, the Prime Minister, who is not exactly famed for looking on the bright side of things, described during a recent visit to the Beaujolais vineyards as "an excellent vintage." But the wet weather which preceded the sunny autumn has played havoc with the bubbly grape, shrinking bunches to only a shadow of their normal selves.

The vinegary liquid which was last year passed off as new Beaujolais and which even wine merchants felt needed "to settle a bit," has been succeeded by a royal, fruity nectar billed as the finest since the great 1962 vintage. Winegrowers estimate that some 150m bottles will be produced this year, which means that a slightly bigger proportion than usual of drinkers will actually imbibe the genuine article. As everybody knows, much more Beaujolais is sold in the world than is ever produced in the tiny region.

Miracle of miracles, the good harvest has induced even French winegrowers to reduce their wholesale prices by some 5 per cent, but as usual, good reasons have been found for not passing on the reduction to the consumer. The prices of bottles and corks, to say nothing of wages and transport costs, have risen by so much, that wine merchants claim they will be making a present to their clients by selling the new beaujolais at roughly the same price as last year.

While noses are red in the Beaujolais, cheeks are wan in the Champenois, so much so that the *Champagne industry's committee* has felt obliged to publish a long communique explaining the Waterloo which has overtaken the region.

Not that there is anything wrong with the quality of the Champagne grapes. Ah, non monsieur. Their alcoholic content and their acidity is considered by the experts to be "very honourable." But honour in this materialistic age is not what it used to be, *and the quantity of* grapes harvested this year has been frankly disastrous.

According to provisional estimates, only some 570,000 hectolitres have been produced, no more than about a third of the average harvest in the past three years, one hestitates to translate this figure into bottles, for fear of causing heart attacks among the most sensitive readers of this newspaper. Only about 75m bottles, compared with 170m in 1977, will reach the merchants, obliging everyone to see double when they drink the much-prized fluid next year.

Naturally, retail prices will be affected by the 18 per cent increase in the price of the rare Champagne grapes. It is little comfort to learn from the distinguished Champagne committee that the price of Champagne to the consumer has not, in fact, kept pace with the general increase in the cost of living.

"Certain prudent readjustments have already taken place or should occur during the next few months," it has coyly announced. Which just goes to show that when the wine is good and plentiful, you are stung for the corks, and when it is anaemic and in short supply you are subject to the normal law of supply and demand." "A la votre, Messieurs et Mesdames."

Owners of small petrol *stations throughout France* began a week of protests yesterday against government measures allowing price cuts, Reuter reports from Paris. The garage owners complained that the measures, allowing cuts of 12 centimes a litre (about 12 cents a gallon) favoured big stations, while small country garages were still forced to charge the full price. In the Aude department, in the south-west, owners of some large stations said sugar had been poured into their petrol reservoirs, making the fuel unusable. In the port of Lorient, in Brittany, pumps in five big stations were damaged.

The Communist-led Confederation Generale de Travail (CGT) trade union grouping has called a general strike tomorrow. But the Socialist Confederation Francaise et Democratique du Travail (CFDT) and the more middle-of-the-road Force Ouvriere have said they will not take part, although members of their unions are participating in other strikes.

A conference in Poland next week poses a crucial test for Britain's miners' union. **Anthony Robinson** reports on

The fate of Vladimir Klebanov

AN INTERNATIONAL miners' safety conference at the Polish coal mining centre of Katowice next week now looks like becoming a major test case of the British National Union of Mineworkers' (NUM) readiness to honour a TUC commitment to support free trade unions "anywhere in the world" and to condemn psychiatric abuses. The commitment was made at the TUC Congress in Brighton in September.

The point at issue concerns the fate of Mr. Vladimir Klebanov, a former coal miner, and other members of the so-called "Association of Free Trade Unions" formed earlier this year in protest against the alleged inability or unwillingness of the official Soviet unions to safeguard the legitimate rights of their members.

Mr. Joe Gormley, leader of the eight-man delegation from the National Union of Mineworkers, goes to Katowice committed to raise the matter "informally" with his Soviet counterpart, Mr. Yevgeny Yefremenko. But a minority in his own executive, and Amnesty International are pressing for a much more determined effort to investigate both the psychiatric state of Mr. Klebanov and others and the situation behind the formation of "free trade unions" in the Soviet Union.

Throughout Eastern Europe, including the Soviet Union, an effort is being made to raise production of coal and lignite. Much of the effort is going into the exploitation of vast open-cast coal and lignite deposits like Belchatow in Poland and Ekibastuz and Kansk-Achinsk in the Soviet Union. Poland, Romania and the Soviet Union are building many new deep mines equipped with the latest automatic machinery and safety devices. A concerted effort is also under way to raise productivity in older mines.

The attempt to squeeze ever greater output out of existing mines frequently has been accompanied by higher production norms and heavy compulsory overtime which on several occasions has provoked strikes, and complaints against exploitation and the willingness of management to turn a blind eye to safety regulations and proper maintenance.

One of the biggest protests was *two years ago in the Jiu valley* mines of Romania, where striking miners openly abused President Nicolae Ceasescu for the conditions which had led them to strike.

Polish miners too have protested against compulsory overtime, particularly Sunday working, and their protests were taken up by the Polish Bishops. Now the whole shift system is being drastically changed with the introduction of four six-hour shifts every day with miners working six shifts per week.

Under this system the mines work 24 hours a day seven days a week. Miners have one guaranteed day off per week, although they only have one Sunday in seven at home.

The event which drew international attention to working conditions in Soviet mines was the formation last January of the 200-strong Association of Free Trade Unions which was announced to the foreign press in Moscow by Mr. Klebanov, an ex-miner and pithead shaft supervisor in the Donbass coal mines.

Mr. Klebanov turned up after what he claimed were four years in a mental hospital and a total of ten years unemployment following dismissal for refusing to send miners down the pit with faulty safety equipment and for resisting management demands for excessive overtime.

It was the formation of this free trade union in protest against the alleged unwillingness or inability of the official *unions to safeguard workers' rights* which concentrated the attention of western trade unions generally on the alleged abuse *of workers' rights in Eastern* Europe alongside the more traditional targets in Iran, South America, and elsewhere.

The NUM, in particular, which had already investigated the abuse of workers' rights in Chile and Bolivia in consultation with Amnesty International, came under pressure from some members of the national executive to take up the Klebanov case.

With considerable reluctance Mr. Joe Gormley, the union President, sent a letter and accompanying press clippings related to the Klebanov case to the president of the Soviet Union of Mineworkers, Mr. Yevgeny Yefremenko, asking for clarification of the situation.

After three months' delay, Mr. Yefremenko's reply was received and subsequently accepted by a 16 to 8 vote in the national executive. Mr. Yefremenko started by denying having had any knowledge of the Klebanov case until it was brought to his attention by Mr. Gormley's letter, reminded him that attacks on the Soviet Union by the "bourgeois press" were nothing new, and insisted that "Soviet miners are quite satisfied with the trade union they set up at the dawn of the Soviet State."

As for Mr. Klebanov, Mr. Yefremenko said that he had been declared an invalid after receiving an head injury, was receiving a partial disability payment and a pension greater than the maximum coal miner's pension and that he had been offered several jobs, all of which he had turned down.

Amnesty International, however, which received a copy of the letter unofficially before the vote was taken, strongly contested the truth of these statements.

Amnesty maintains that, far from being a privileged pensioner, Mr. Klebanov, since announcing the formation of the Free Trade Union, was sent first to a psychiatric hospital and then to prison to await trial. He was not present at the trial and neither the charge nor the verdict are known to him, according to his wife. Following the trial, Mr. Klebanov was transferred to the special psychiatric hospital at Dnepropetrovsk where he still is.

In view of the evidence in its possession Amnesty wrote to the NUM secretary, Mr. Lawrence Daly, to suggest an investigation of the Klebanov case "perhaps, as in the case of Bolovia, by the NUM participating in an Amnesty delegation to interview him and all other relevant persons."

Protest vote expected as Brazil goes to the polls

BY DIANA SMITH IN BRASILIA

ON NOVEMBER 15 Brazil's 44m registered voters go to the polls to choose deputies to state assemblies, the national congress and two thirds of the senate. The remaining third of Brazil's senators are appointed by the central Government.

The election results will take several days to come in from far-outlying areas in this country of over 3,000 municipalities. Once they are collated the public will know whether President-elect General Joao Baptista Figueiredo must face an opposition majority in congress—and how he intends to deal with it.

Voting is compulsory. The 44m Brazilians who are either literate or over the age of 18, of a total population of nearly 120m, must cast their ballots either for the pro-Government party Arena, the legal opposition party MDB (Brazilian Democratic Movement) or leave them blank.

The election campaign began on September 15, operating within the strict framework of a Ministry of Justice law passed in 1974 after a heated campaign and substantial MDB gains. Under this law, candidates are prohibited from making political speeches on the broadcasting media.

Thus, in principle, Brazil's electioneering propaganda is restricted to two hours per day of free air time for both parties which, on television, display still photographs of candidates and run tapes containing brief, innocuous biographies read by an announcer.

In practice, political speeches have been aired on the media: not by candidates but by General Figueiredo and outgoing President Ernesto Geisel. This indirect pro-Arena propaganda has recently acquired particular significance after Luis Carlos Prestes, former head of the (now illegal) Brazilian Communist Party issued a manifesto in Paris urging the Brazilian people to vote for the MDB as the "only way to bring democracy to Brazil."

This appeal was seized on by President Geisel and President-elect Figueiredo, touring the country on Arena's behalf under a barrage of TV cameras and radio microphones, as an indication that the MDB was "infiltrated by Communists." The accusation was repudiated by MDB leaders who stressed that the strict requirements for qualifying as a party member would preclude entry of any Communist into the party's ranks.

The MDB is expected to sweep the board in Brazil's most prosperous, industrialised states, Sao Paulo and Rio de Janeiro. It is also expected to win in the thriving agricultural and partially-industrialised state of Rio de Grande do Sul and do well in other southern states. Even in the traditionally pro-Arena North and North East, backward and poor areas where local politicians tend to come from ruling families, MDB is likely to improve its showing.

This is not so much because the Opposition party has offered a concrete, alternative platform or has a homogeneous image, but because of the likelihood of a widespread protest vote.

The issues of greatest concern to the people of Brazil in 1978 are the high cost of food, rents, transport and other essentials,

President-elect General Joao Batista de Figueiredo

the low minimum wage, the overcrowded, crime-infested conditions of Brazil's cities and the insecurities of rural life. But these questions are rarely touched upon by election candidates.

Instead, the rallying cries have lingered on accusations of corruption in high government circles—all denied—and, often, *quirky personal promises like* retirement for men at 35 and for women at 30.

Most of these waft far above the heads of the average voter. Most citizens say they will vote because they must—otherwise they face a fine that exceeds their monthly earnings — not because they have strong preferences for either party.

Much of this apathy emerges from Brazil's artificial political party system: Arena and MDB were created 10 years ago as a catch-all for civilian politicians.

So loose is their structure that it is often possible to find stringently-democratic, reformist members of Arena and markedly Right-wing members of MDB. Above all the two groupings reflect Brazil's ancient tradition of personalised, elitist politics.

There is a new factor in 1978, however. General Geisel's *willingness* to soften the arbitrary powers of the military-technocratic system has led to an outspokenly free Press whose mass circulation is rising and influence growing.

The public itself is more prone to criticise, no longer fearing harrassment or arrest for unpatriotic opinions. Businessmen and unions are learning to deal directly with one another without Government patronage or protection. *And, in the more* sophisticated urban centres, at least, the wish and will to assert individual or group aspirations has become more marked.

Environment protection groups and other forms of protest movements have swelled in recent years and people are gradually moving away from the habit of expecting and allowing local patrons or national government to determine the course of their lives.

Furthermore, General Figueiredo has indicated that, quite early in his six-year term, which begins on March 15, 1979, new, multiple political parties will emerge. Thus, the November 15 elections, hinging on the obsolescent concept of Arena and MDB are, to a great extent, a transition towards a further, more radical transition.

The General has softened his *tone since the early days when* he emerged from his former position as head of Brazil's intelligence service, and said that an Opposition victory in November would cause him to "blow up." In subsequent public pronouncements, he has confined himself to saying that it "would be easier if Arena won."

Brazilian politics are often a question more of rhetoric than of content, subliminal messages *delivered to one group or another* while the majority of the public remains outside the closed-circuit dialogue. Nevertheless the question of a strongly anti-Government Congress exceeds the bounds of rhetoric, and only the sometimes-perplexed voter will provide the answer.

Canada shortlists jet fighters

By Victor Mackie

OTTAWA, Nov. 13.

THE CANADIAN cabinet committee trying to choose Canada's new jet fighter will recommend this week that the list be cut from six to two aircraft, for a final decision by the full cabinet. The $2.34bn contract will be awarded next year.

Defence Department sources said today that the two aircraft will be McDonnell Douglas' version of the F18 and General Dynamics F-16.

The Defence Department is not happy with these choice. However, the F-16 is a single-engine, lightweight fighter, and is the cheapest aircraft on the list of six.

The McDonnell Douglas F18 is a relatively new advanced twin-engined carrier-based fighter, already being supplied to the U.S. Navy and Marine Corps.

A third aircraft may be added to the list. This could be the McDonnell Douglas F-15 or Northrop's version of the F-18.

President Carter signs law on banking reform

BY STEWART FLEMING

NEW YORK, Nov. 13.

PRESIDENT CARTER has signed into law a sweeping banking reform measure which will increase the powers of federal bank regulators and give consumers added protection when using the new electronic technologies in banks.

The new law, the Financial Institutions Regulatory and Interest Rate Control Act, 1978, has emerged from Congress largely as a result of concern about some of the banking practices revealed by inquiries into policies followed by Mr. Bert Lance, President Carter's friend and confidant.

Mr. Lance was an executive with the National Bank of Georgia and Calhoun First National Bank in Georgia before he became the President's first director of the Office of Management and Budget. He was forced to resign this post, as a result of publicity given to his banking practices.

But, as the new law wound its way through Congress, several clauses were added which gave the legislation much broader impact.

So far as the regulation of banking practices is concerned, the law gives federal bank regulators powers to fine individuals for banking law violations, authority to remove bank directors who jeopardise the soundness of a bank, and prohibits overdrafts to bank insiders and limits loans to officers and directors to 10 per cent of a bank's capital.

It also allows regulators to block changes in bank ownership which endanger the institution's safety.

The law, however, contains several initiatives which are not related directly to the Lance affair. It extends, for two more years, the authority of the regulators to set interest rate ceilings (Regulation Q), and also provides that savings institutions should now be able to pay an additional quarter of a percentage point on automatic transfer accounts. Thus, the new accounts which banks and savings institutions are setting up, in effect, to pay interest on chequing deposits, will earn 5 per cent at both types of institution.

For consumers, the Act limits the liability of a bank customer for unauthorised transfers through automated teller machines or other electronic transfer systems to $50. There have been fears that computer frauds, through such equipment could involve banks' retail customers in huge losses.

Another rider to the Act was an extension of the U.S. Export-Import Bank for five years, and an increase in its loan guarantee authority to $40bn, from $25bn.

Proposal to boost civil defence

By James Buchan

WASHINGTON, Nov. 13.

PRESIDENT CARTER has approved a plan which would more than double the amount of money spent on civil defence against a major nuclear attack, the New York Times reported today. Officials would not comment on the decision, said to be contained in a secret White House document issued last month.

The new programme, if authorised by Congress, would apparently cost $2bn and be completed by 1985. Spending on civil defence last year amounted to $90m. Improved evacuation of civilians from big cities would be the primary aim of the new programme, the newspaper reported, rather than building underground shelters as the Russians have done.

Observers were sceptical that any civil defence programme could protect as many as 140m U.S. citizens in a major nuclear war, as the New York Times has reported. There is certainly some concern in the Administration about the investment that the Soviet Union has been making in civil defence, and its possible effect in diminishing the deterrent effect of U.S. nuclear weapons.

A recent Central Intelligence Agency study on Soviet civil defence, which in 1976 cost as much as Roubles 400m (£305m), was not impressed with the results. It argued that even under the most favourable conditions, with more than a week's warning of an impending nuclear attack, the Soviet Union would be unable to bring its casualties "below the low tens of millions."

St. Vincent moves smoothly to independence

BY DAVID RENWICK IN PORT OF SPAIN

WITH DOMINICA now having obtained full independence from Britain (the Union Jack came down for the last time on November 3), another Caribbean Associated State, St. Vincent, is trying to jump the queue and be next in line for nationhood ahead of St. Lucia, which most observers had assumed would follow rapidly on Dominica's heels.

St. Vincent's Premier, Milton Cato, hopes that he can manoeuvre himself into a position at the head of the independence class and has been ambitious enough to set a date, January 21 next year.

Embarrassment

Premier Cato seems undeterred by the fact that a similar attempt to identify a specific day for the transfer of autonomy made by St. Lucia's Premier John Compton in advance of the settlement of all outstanding issues (he chose December 13 this year) has proved something of an embarrassment. That deadline is apparently not going to be met.

However, Mr. Cato's confidence has been bolstered by the smooth way in which his discussions with the British Government over full self-determination have proceeded.

One reason for St. Vincent's comparatively uncomplicated progress towards independence is probably the clear support for Mr. Cato and his policies in the general election of December, 1974.

The Premier's St. Vincent Labour Party (SVLP) won 10 of the 11 seats it contested and by overwhelming majorities in most cases.

Sobriety

Premier Cato's relative sobriety in fiscal affairs must also have impressed the British Government.

At a time of rising inflation, St. Vincent has managed to keep the increase in recurrent expenditure between 1974 and 1978 down to 47 per cent, while revenue improved by 80 per cent.

Resisting the temptation for a pre-independence loosening of the reins, the Premier, who is also Finance Minister, proudly announced that "for the first time in several decades" St. Vincent had achieved a surplus on current account in the 1978-1979 budget recently presented to Parliament.

Current revenue in the fiscal year is estimated to be EC$ 32m (£5.8m), while expenditure is set at EC$ 31m. The capital budget is EC$ 29m, making a total expenditure for the year of almost EC$ 62m.

However, Premier Cato will probably find that the costs of independence are such that even his fiscal conservatism will be sorely tested. Indeed, he is likely to have to step back into recurrent budgetary deficit before the financial year is very much older (and to seek assistance from friendly metropolitan powers in so doing) when long-overdue readjustments of civil servants' salaries takes place.

In the short-term, a further revision of taxes is inevitable. Some leeway still exists, in the economy for broadening the tax base: a report prepared by the British Development Division in Barbados found that per capita taxation in St. Vincent in 1975 was EC$ 152, lower than that of St. Lucia, Grenada, Anugua and St. Kitts-Nevis.

But investment rather than recurrent capital is likely to be the Premier's biggest challenge after independence, since he has made it clear that his Government intends to play a much more dynamic role in the economy in future.

"If the Government did not undertake certain ventures, they would not be undertaken at all," he said in his budget address. "And if they were not undertaken, our country would stagnate. Like most CARICOM Governments, in addition to our traditional role of maintaining law and order, we have had to become an entrepreneur. Those who would criticise the Government for doing so must ask themselves what are the alternatives."

Sugar industry

However, the *pièce de résistance* of Premier Cato's post-independence plans is the programme to resuscitate the sugar industry.

Only St. Kitts-Nevis of CARICOM's less-developed countries (LDCs) grows sugar on any substantial scale and St. Vincent's objective is to revive the crop not as a means of earning export income in the initial stages but in order to save on import costs.

U.S. COMPANY NEWS

Justice Department opposes United Technologies' bid for Carrier; Dart posts offer for P. R. Mallory; Sun-Becton Dickinson case opens—Page 28

Venezuela steel plant opened

By Joseph Mann

CIUDAD GUAYANA, Nov. 13.

VENEZUELA HAS inaugurated a $3.6bn steel plant here which is expected to quadruple the country's steel output capacity.

President Carlos Andres Perez, along with other members of the Government and more than 1,000 bankers and businessmen, watched as a German-made electric furnace made its first official pouring of liquid steel amid a shower of sparks.

The new steel plant is part of the country's largest industrial complex located in this south-eastern city on the Orinoco River. It is owned by the Government steel concern, Siderurgica Del Orinoco (Sidor).

The new installations—known here as Plan IV — will boost Sidor's raw steel capacity from the current level of 1.2m metric tons a year to about 5m tons.

Further return to work in Iran's oilfields

BY ANDREW WHITLEY

TEHRAN, Nov. 13.

LATEST REPORTS from Iran's strikebound oilfields say yesterday's signs of a gradual return to work have been confirmed. Small groups of workers have been drifting back, and today's production was put by the National Iranian Oil Company at 2.4m barrels, compared with the peak levels of about 6.2m barrels the country should be achieving.

NIOC acknowledges that many strikers at the giant Abadan refinery yesterday voted against returning to work, but claims that the key technical staff are not among them. Refinery throughput today was said to be 370,000 barrels, little changed on last week.

Pockets of resistance clearly remain among the major oilfields, especially the huge Gachsaran Field. But despite reports of firing on strikers, the feeling here is that the government is persisting with a soft approach to ending the strike.

The authorities qualified success over the oil industry strike is not being repeated in its dealings with the Press and broadcasting. Official attempts to impose censorship on a wide range of issues, effectively muzzling what had become the region's freest news media in recent weeks, have met strong resistance from journalists and printers.

The journalists' syndicate last night voted against any return to work, and threatened to blacklist anyone who did. None of the major Persian and English language newspapers have appeared for the past eight days, though a number of small circulation broadsheets are attempting to fill the gap.

The journalists' stand is being backed by the majority of radio and television workers who have issued their own statement urging television viewers to switch off their sets because of the military's complete control on news.

A broad cross section of civil rights and dissident professional groups have issued statements over the past two days, since the arrest of the opposition leader, Dr. Karim Sanjabi, backing the continuation of the opposition movement.

Faculty members from the militant Aryamehr Technical University in Tehran today called on the regime to give up power immediately to a government enjoying "the trust of the people" to pave the way for a national referendum on the country's future form of government.

On Saturday a joint statement by five organisations accused the Government of setting fire to buildings in Tehran last Sunday, to create the conditions for the Government take-over by the military.

In Tehran today there was disturbing evidence that the wave of publicly expressed feelings against expatriate advisers and technicians is now being translated into direct action. Workers of the Telecommunications Company of Iran barricaded the company's premises and forced hundreds of Americans to leave the building and go home.

American Bell International employs about 800 expatriates in Iran on a major project to expand the country's telecommunication network.

From the provinces, incomplete reports suggest disturbances are still continuing on a daily basis in many districts. The Government news agency, PARS, has confirmed that one person died and several were injured yesterday in the western city of Kermanshah. A spokesman from the National Front, the main political opposition, said today many people were hurt in the Gulf port of Khorramshahr on Saturday. Other unconfirmed reports of deaths have come from towns in the northern Caspian region, while demonstrations are said to have been held in other major provincial cities.

Zaire credit line stays in force

BY MARK WEBSTER

ZAIRE'S INTERNATIONAL creditors will keep open its $90m emergency credit lifeline to the country until agreement is reached with the IMF over future help, the Belgian Foreign Ministry said in Brussels yesterday.

A two-day meeting of the 12-nation Zaire "club" ended in Brussels on Friday with member countries being urged to make their contributions as part of the emergency credit line as soon as possible.

A spokesman for the Belgian Foreign Ministry said the payments had been slow because contributor countries were waiting for President Mobutu Sese Seko's promised rapprochement with Angola and for long awaited internal reforms.

Zaire and Angola have now reached a measure of agreement over their future relations and will reopen the Benguela railway which carried much of Zaire's copper exports through to the Angolan port of Lobito until the Angolan civil war closed the railway in 1975.

However, there have been threats by Mr. Jonas Savimbi's Unita forces, who were defeated during the civil war but who are still active, to disrupt the traffic on the railway if it becomes operational.

There also continue to be doubts about the ability of Zaire to get its economy into manageable enough shape to allow the passage of requested aid from the IMF. The Brussels meeting agreed that it would support a 1979 balance of payments deficit for Zaire of 457m Special Drawing Rights ($650m) with 30 per cent of the money coming from the IMF and the rest from the creditor nations.

There was also agreement in principle, said the Foreign Ministry, to a further slice of emergency credit being given to Zaire of around $120-130m once the present emergency credit was used up. But again, the creditor nations made the loan conditional on agreement with the IMF about future long-term economic management.

Zaire now has an IMF nominee, Herr Erwin Blumenthal, working as number two in the Central Bank in Kinshasa and the IMF will help work out a one-year economic restructuring plan to be submitted to a new conference on March 15.

The Belgian Foreign Ministry spokesman said the 12-nation "club" was optimistic that there would be such an agreement.

Reuter adds from Brussels: The copper-mining province of Shaba will revert to civilian administration in January, an assistant to President Mobutu Sese Seko has announced. Shaba, formerly called Katanga, has been under military rule since the unsuccessful invasion of the town of Kolwezi by Zairean exiles from Angola in May.

Mr. Bokana W'Ondangela, Vice-Director of President Mobutu's office, also said at a news conference that the former Foreign Minister Mr. Nguza Karl-i-Bond had been allowed to leave Zaire and is presently receiving medical care in one of the Benelux countries.

Kaunda forbids beatings

BY MICHAEL HOLMAN

LUSAKA, Nov. 13.

ZAMBIAN PRESIDENT Dr. Kenneth Kaunda today ordered his countrymen not to molest whites. In his first public reaction to last week's mob attacks on whites in Lusaka's city centre, the President called for continued vigilance to combat Rhodesian infiltration of Zambia, but declared: "No one is allowed to beat anyone." Instead they should take suspicious characters to the police.

Dr. Kaunda, speaking after handing in his nomination papers as the country's sole candidate in the December 12 elections, also suggested that black members of Rhodesia's counter-insurgency unit, the Selous Scouts, may be responsible for incidents involving white farmers near Lusaka.

At a weekend meeting the farmers angrily accused guerrillas of the Zimbabwe African People's Union (ZAPU) of abducting and torturing one of their colleagues, setting up unauthorised road-blocks and disrupting farming life.

Dr. Kaunda, who met farmers' representatives today for the second time within a week, said that police investigations provided no evidence that "truly Patriotic Front freedom fighters" were involved. "You know there are people called Selous Scouts who are as black as you are," he told the audience, "who are sent and dropped here . . . they do all sorts of dirty things in the name of the Patriotic Front."

Meanwhile, a ZAPU statement issued here today claims responsibility for Saturday's mortar and rocket assault on a house in an outlying Salisbury suburb: "Five rest-houses for Rhodesian soldiers were attacked and 12 occupants killed and several wounded." The statement also claimed that ZAPU forces had "set on fire petrol stations used by the Rhodesian army" on the Salisbury-Shamva road, "destroyed enemy military vehicles" and temporarily detained civilian traffic.

● Reuter reports from Dar Es Salaam: President Idi Amin is "conducting the battle at the frontline" against Tanzanian troops who have launched a major attack to expel invading Ugandan troops from their territory, Uganda said on Monday.

President Amin left for the battlefront on Sunday night, said official sources in Kampala, adding that "there is a big battle going on" along the rain-swollen Kagera River.

The sources said a large number of wounded Tanzanian soldiers had been taken to hospital in the Lake Victoria town of Bukoba, according to radio messages betwen missionaries monitored in Uganda.

Vietnam 'using poison gas'

BANGKOK, Nov. 13.

CAMBODIA today accused Vietnam of using poison gas against its forces in all three major areas of conflict in their border war, Reuter reports.

Hanoi denied a charge from official Radio Phnom Penh last week that the Vietnamese were firing poison gas shells into the area around O-Yadao in North-Eastern Rattanakiri province.

Today the radio said Vietnamese forces were also using field guns to fire gas shells along Highway Seven in the so-called Fish Hook salient of Cambodian territory that juts into southern Vietnam—and in the southern border region in Takeo province.

Meo tribesmen fleeing into North-Eastern Thailand have also accused Vietnam of using gas in anti-insurgent operations.

Western diplomatic sources said medical examinations of refugees appeared to confirm that gas of some sort was being used but the type was not known.

Israeli Cabinet to consider plan

BY DAVID LENNON

TEL AVIV, Nov. 13.

MR. MENAHEM BEGIN, the Prime Minister, flew home to Israel today for crucial talks with his Cabinet on the latest problems which have arisen in the peace talks with Egypt.

The Premier brought with him proposals made by the U.S. to resolve the outstanding issues, but was unwilling to reveal whether or not he would recommend that the Government accept them.

The Foreign and Defence Ministers, who head the Israeli delegation to the talks in Washington, are due back in Israel tomorrow and they too will join in the discussions here.

Mr. Begin said on his arrival that he hopes the Cabinet, which is expected to convene tomorrow and again on Thursday, would be able to make decisions about the problems which still exist in the negotiations.

These appear still to centre on the question of the link between the implementation of an Egypt-Israel peace treaty and negotiations on a settlement of the West Bank-Gaza Strip issue. Israel turned down an earlier proposal for a loosely worded *reference to the need for talks* about the West Bank in the preamble to the Egypt-Israel pact.

David Buchan writes from Washington: In another bid to revive the stalemate Mideast peace negotiations, the U.S. has produced a further compromise on the key issue of how an Egyptian-Israeli treaty should be linked with a wider settlement between Israel and its Arab neighbours.

President Carter yesterday telephoned both President Anwar Sadat and Prime Minister Begin, urging them to accept the new compromise, which according to Press reports here would take the form of a one page letter to be signed by both countries separately from their proposed bilateral peace treaty. The letter apparently would set down Israel's acceptance of the need to move towards self-rule for the Palestinians on the West Bank and Gaza Strip, but without many of the dates and details Egypt has been seeking.

This issue figured in another meeting between Mr. Cyrus Vance, the U.S. Secretary of State, and Mr. Begin in New York last night. But their talks were inconclusive, with the Israeli Prime Minister putting off any decision until he has consulted his Cabinet later this week.

● Egypt has drafted a law to abolish state control of public sector companies, according to the semi-official newspaper *Al-Ahram*, *our Foreign Staff* writes. A "sample plan" to make the state radio and television organisation economically independent is being studied and the general outlines of the plan would be adopted by all public sector organisations, as part of the economic liberalisation process.

The Afrikaner establishment is arguing whether morality can be over-ridden by the needs of national security. Quentin Peel reports from Johannesburg.

A moral dilemma for South Africa

"THERE ARE always rules," Dr. Wimpie de Klerk, the distinguished editor of Die Transvaler, official newspaper of South Africa's ruling National Party in the Transvaal, wrote last week. "If Afrikaners argue about this then they are betraying their Calvinist faith, their democratic system of government and the civilisation they have built here. There may be no interference with the foundations upon which the order has been built."

Dr. de Klerk identified the moral dilemma which poses a greater threat to the country's Afrikaner establishment than any political crisis of recent years. His words were virtually an open rebuke to Dr. Connie Mulder, the then leader of the party in the province and former Information Minister, and to Dr. Eschel Rhoodie, the former Secretary of the Department of Information, and Dr. Mulder's trusted lieutenant. Both men had argued consistently over the past years that, when the future of (white) South Africa was at stake, no rules applied. If the Marxists over-ran South Africa, Dr. Rhoodie declared, he did not want to say: "I may have lost, but my books still balance." He could not be expected to obey the same rules in fighting the onslaught against South Africa as civil servants responsible for "building bridges and planting trees."

Money

After alleged massive misappropriation of public money within the former Department of Information, both Dr Mulder and Dr. Rhoodie have resigned, but the argument rages on. Mr. Alwyn Schlebusch, leader of the National Party in the Orange Free State, and a notable conservative in the party, told supporters that matters could not be sold to the nation "with the excuse that no rules apply when one's country or nation is at stake." That was simply "an escape slogan," he said.

It is no surprise that the crisis threatening the National Party has no direct connection with South Africa's fundamental problem of race relations. A riot in a blacktownship or the death of a black activist in police detention is not going to shake the unity of the ruling party, but rather reinforce it against what is seen as a combined threat of black majority rule and international communism. The scandal over the secret funds of the Information Department however, suggests cynical tampering with the (white) democracy of South Africa, and includes the possibility of large-scale corruption, which is unacceptable, at least to the more fundamentalist and theologically-inclined supporters of the ruling party.

Just how deep the divisions go within the party is still unclear. "Alarming indications of confusion and even division within the National Party . . . are increasingly coming to the fore" according to another loyal *Nationalist* newspaper, *Die Vaderland* in Johannesburg. "It is not happening very openly, but it is nevertheless too serious to be ignored." Another report said there was "considerable confusion" in the ranks of Nationalist MPs since Dr. Mulder's decision to resign, both from the cabinet and as leader of the Transvaal Party, "but no talk of open division." The problems of the party undoubtedly go deeper than many would like to believe. In the immediate aftermath of Dr. Mulder's resignation from the cabinet, there were some appeals for party unity. They were soon drowned by calls for him to quit his party position as well. Now that has happened, the struggle *to succeed him as party leader* is likely to reopen further the division caused by the contest for the premiership in September.

Mr. Connie Mulder

Mr. John Vorster

Mr. Pieter Botha

The role of the Press has been crucial in the whole unfolding crisis—not only in publishing details of the activities of the Information Department, which has been done largely by the opposition English-language newspapers, but in forcing the subsequent resignation of Dr. Mulder, and warning of the dangers of any attempted cover-up, which has been the role of the government-supporting Afrikaans Press When Mr P. W. Botha, the Prime Minister, last week threatened the Press with new controls, he was universally *condemned by his own newspapers*, and retracted some of his threats in a subsequent interview. But the Afrikaans Press increasingly represents only one wing of the ruling party—the Verligte (enlightened) wing. When Mr. Botha made his attack on the Press, to a party rally, he received an enthusiastic ovation.

Indeed, the moral criticism of the activities of the former Information Department might not have proved so drastic to party morale if it were not for the parallel conflict on essentially political issues. An element of petty corruption has existed within party ranks for years, well known at all levels, involving a system of "jobs for the boys," *such as positions on parastate bodies*, university councils, and so on, for loyal party men, let alone the provision of government contracts to businesses allied to the party. But the latest controversy has undoubtedly been fuelled by the growing hostility between the left and right wings of the party.

Thus, Dr Mulder has been a notable target as a leading representative of the Verkramptes (reactionaries) in the party.

Outcome

The outcome of the scandal now depends on the ability of the National Party to patch over its differences before too many of its leaders become implicated. Two possible scenarios exist. On the one hand, the Government could order severe restrictions on the freedom of the press, including effective censorship, in the name of national security. The present judicial commission investigating the activities of the Information Department is doing so in secret, and there is no guarantee that its report will be published. Mr. Botha seemed inclined to attempt such a cover-up in his threats against the press last week.

One possible explanation would be that too many leading *figures in the party and Government* knew of the activities to allow them to be exposed. Mr. John Vorster, now state President, is certainly a target of the opposition press. The alternative scenario is that too much has already emerged about the misappropriation of funds—ranging from the subsidy of a pro-Government newspaper to loans to *private* businesses—to stop it now. As the Afrikaans newspapers have argued, it is imperative to clear the air completely before the "natural Government" of South Africa can properly return to its task. There is no immediate suggestion that the National Party, with an overwhelming *majority* in Parliament, could lose power over the issue. But where it will stop the rot is a very real question.

NEW ZEALAND ENERGY

Aquitaine offshore drilling revives a 100-year dream

BY DAI HAYWARD IN WELLINGTON

THE START of drilling by the Aquitaine consortium off the Taranaki coast last month marked a milestone in the hunt for oil in New Zealand.

International oil companies pulled out of exploration last year after a bitter disagreement with the Government over its oil taxation demands. The companies claimed taxes were too steep and did not allow a reasonable inducement for the high risks and costs involved in oil exploration. The agreement by Aquitaine to resume exploration drilling using the Penrod Rig, which recently completed a *series of dry holes* off the southern coast of New Zealand, gives fresh hope of a workable oil strike.

The Government plans to pay 40 per cent of the exploration costs in return for 51 per cent of any oil produced.

New Zealand has ample supplies of natural gas and coal and the potential for greatly increased hydro-electric generation, but has virtually no known oil resources.

Long-term energy forecasts have been thrown off balance by the unexpected slowdown in the growth of demand for electricity in the past three years. Previous forecasts of electricity demand up to 1992 have been slashed by 25 per cent.

But large capital investments have been made to develop new underground coal mines and the offshore Maui natural gas field, which was given the go-ahead in the belief that most of the gas brought ashore would be needed to fuel power stations producing electricity.

Indeed, when Maui was discovered in 1969 the tremendous capital cost of its development could be justified only because the gas would be used in large quantities to produce electricity and would also delay the need for a nuclear power station.

In 1973 the Government bought a half share in the Maui field for NZ\$30m (£15.70m) and agreed to share the cost of development with a consortium formed by Shell, BP and Todd. Now that demand for electricity is going to be lower than forecast, the new gas-fired power stations will not be needed.

The Government signed long-term "take or pay" agreements, which means the Government must pay for the gas produced whether it is needed and taken or not. Under the contract, gas paid for but not taken can be used in later years but under New Zealand's present difficult economic conditions the Government cannot afford to pay millions of dollars for gas it will not be using immediately.

In addition to the slowdown in electricity demand, there has been a growing realisation among energy planners that the use of natural gas for electricity generation is not the most efficient way to utilise a prime energy fuel.

The second stage of the Maui development has been delayed for 12 months but gas from the first stage is now ready to complement gas production from the onshore natural field at Kapuni. The country's total reserves are sufficient for 100 years at current levels of consumption. Natural gas already provides one-sixth of New Zealand's primary energy and is poised to become a key element in the future energy scene.

However, oil is the big worry for the national economy and for those responsible for ensuring that New Zealand's energy needs are met. Oil is what New Zealand uses most but has least of.

A highly-motorised society, New Zealand increased its dependence on imported oil through industrial development in the pre-1973 Arab war period *when* oil was relatively cheap. Before the 1973 oil crisis New Zealand's economy was booming, with its food exports providing large surpluses in the foreign exchange account.

Within a year, the situation was reversed. The higher cost of oil and the general worldwide recession turned the country's foreign exchange into large deficits and brought stagnation *to the economy*.

The oil bill increased more than five-fold in the years 1973-77 and now stands at well over NZ\$ 500m a year.

The urgent need to reduce oil imports focused new attention on possible oil production within the country, where exploration started 113 years ago.

More than 200 holes—all virtually dry—were drilled between 1865 and 1959 when the Kapuni gas field was proved. Kapuni also produces condensate, and last year provided 15.5 per cent of New Zealand's oil requirements.

Kapuni and Maui condensate are still the country's only known oil resources. They contain an estimated 13m tonnes but this is enough to meet only three years' total consumption. The prospects of any significant discovery of crude oil on land in New Zealand are considered slim.

The Government admits this, but hopes that a new natural gas strike might provide more oil condensate. Some potential petroleum bearing structures are known in both the North and South Islands.

When international oil companies showed little interest in continuing the oil search last year, the Government set up its *own oil exploration corporation*, which has drilled a number of dry onshore holes. Offshore prospects are better although conditions in the waters around New Zealand where the hunt for oil is being concentrated are as bad as in the North Sea, and in some areas even worse.

The only alternative to the long shot of finding substantial quantities of oil is to develop alternatives. The Government is encouraging the use of solar water heating and has set up a multi-million dollar research fund to investigate alternative transport fuels.

Two possibilities being pursued are the production of methanol and synthetic gasoline from forests or agricultural crops and the use of liquefied petroleum gas as a fuel for motor vehicles. Both are relatively long-term projects, which is why the economic planners are watching the new *Aquitaine* drilling operation with even more than usual interest.

Australia hit by fuel strike

By James Forth

SYDNEY, Nov. 13.

THE AUSTRALIAN Government *is considering* ways of overcoming a fuel strike which today flared into a nationwide dispute. From midnight on Tuesday, fuel supplies across Australia will cease.

The dispute includes aircraft refuellers, which means that as soon as the strike takes effect all international and domestic flights will be *grounded*. In the state of Victoria, petrol tanker drivers and aircraft refuellers had been on strike for the past week to protest against a bid by national oil transport workers union to allow oil agents to pick up their own supplies from national oil terminals. The decision to enlarge the dispute to a national stoppage was taken *today* by the federal management committee of the Transport Workers Union.

WORLD TRADE NEWS

S. Korea power plant financing

HONG KONG, Nov. 13.

KOREA ELECTRIC Company is to receive the largest aggregate of loans ever provided for a single project in Asia amounting to more than $1.3bn to expand its nuclear power generating capacity. Chase Manhattan Asia announced today.

The loans consist of a $400m Eurodollar loan syndicated by Chase Manhattan Asia, A$732m loan from the U.S. Export-Import Bank, A$97m loan from the private Export Funding Corporation of the U.S. and a $92m loan arranged by Lazards and guaranteed by Britain's Export Credits Guarantee Department (ECGD).

EEC Turbine Generators is the UK contractor involved.

The syndicated Eurodollar loan was signed here today while the Ex-Im Bank and Private Export Funding loans will be signed in Washington and the ECGD-backed loan in London, within the next few days, Chase said.

Chase added that the credits will be used for equipment and technical services for the construction of two nuclear units at Kori which are scheduled to be ready for commercial operation by 1984 and 1985 respectively with a net output of 944 megawatts each.

The Eurodollar loan has a 10-year maturity with an annual interest rate of 1 per cent over the six-month London interbank offered rate. It marks the first time Korea Electric has borrowed without a government guarantee, Chase said.

AP-DJ

Japanese car production 'may not exceed 5.4m next year'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A SIGNIFICANT fall in Japanese car production to no more than 5.4m can be expected in 1979, according to Economic Models, the London-based international forecasting consultancy. This compares with the 5.43m produced last year and an estimated 5.66m this year.

"It seems likely that in the 1980s Japanese car production will grow at rates closer to the growth of the Japanese domestic market. This implies growth rates of car production below 5 per cent a year in the early 1980s and little chance of 6m cars a year being achieved much before 1985," the organisation states in its latest report.

Forecasts on the future of the European car industry, the consultancy says, are complicated by the recent reorganisation resulting from the acquisition of Chrysler's European interests by Peugeot-Citroen.

But until 1980, when the changes will begin to have an impact, the European industry is expected to grow slowly and only Italian and French car production are expected to achieve growth rates of over 5 per cent in 1979.

West German production is expected to level out at around 4m cars a year in the period to 1980 against 3.8m last year.

Economic Models forecasts that car output in the U.S. will fall from 9.3m in 1978 to 9.2m next year. However, the medium-term prospect to 1983 remains optimistic.

Between 1980 and 1983 new car registrations could fluctuate between 11.2m and 11.7m on a gradual upward trend. And in the U.S. the link between new car registrations and production is much stronger than in Europe.

Discussing registrations in the UK, the report suggests that around 1.57m new cars should be sold next year against sales of 1.64m expected in 1978.

The share of the market held by imports will remain high at 50 per cent "but will go no higher unless the current industrial relations problems persist well into 1979."

Excluding the "tied" imports by manufacturers operating in the UK, this will mean that European and Japanese producers will retain their 34 per cent of the UK new car market.

Domestic UK manufacturers should still find it possible to market 850,000 cars in 1979. Exports are expected to remain stable at a little below 500,000—making a total for UK-produced cars of more than 1.35m in 1979 against 1.33m last year.

Company and fleet buyers in particular are still very loyal to British cars and the total business market for new cars will approach 800,000 in 1979.

In 1979, the UK is expected to fall behind Italy as the fastest growing new car market in Europe where a growth rate of 4 per cent for registrations is forecast.

France, Belgium and the Netherlands are expected to mark time in 1979 with growth rates in sales below 2 per cent. The West German market will contract slightly next year to around 2.6m. "Further steady growth is expected until the early 1980s when the market in Germany will fluctuate around an annual size of 2.8m."

As for commercial vehicles, in the UK and U.S., where there has been a major boom in sales this year (up 16 per cent in the UK and 12 per cent in the States) there must be a decline in 1979 although registrations will remain well ahead of those for 1977.

Automotive Industry Forecasts Report: Economic Models, 30, Old Queen Street, St. James' Park, London SW1H 9HP. £150

● Toyota Motor said its vehicle exports in October rose 2 per cent to 102,627 from 100,578 in September, but fell 14.8 per cent from 120,520 in October last year. But Nissan Motor said its October exports fell 41.6 per cent to 70,847 from 121,350 in September, and were down 23.9 per cent from 93,090 in October last year.

Nissan's exports in the first seven months of fiscal 1978 ending next March 31 totalled 691,085, down 1.4 per cent from 701,175 in the same period of last year while Toyota said its exports in the first seven months totalled 805,845, down 2.0 per cent from 822,290 a year earlier.

Small rise in world trade volume

GENEVA, Nov. 13.

WORLD TRADE grew slightly faster in volume in the first half of this year, the General Agreement on Tariffs and Trade (GATT) reports in its annual trade review.

The increase, the report said, corresponded to an annual rate of about 6 per cent, compared to 4 per cent for 1977 as a whole. Barring a sharp reversal of this trend in the second half of the year, world trade growth should be "somewhat larger" in 1978 than the previous year GATT forecast.

The trade surplus of the oil-exporting developing countries as a whole declined during 1977 by $10bn, to $59bn, just above the 1975 level. During last year trade growth of industrial nations slowed down considerably, with exports and imports both increasing by 5 per cent in volume and 13 per cent in value, the report said.

GATT warned again that industrial countries can move towards improved growth and employment and more stable exchange rates only by reducing inflation to levels before the mid-1960s. It said recent inflation rates have helped reduce demand and contributed to reluctance by business to engage in fixed capital formation.

AP-DJ

Strauss more optimistic after European visit

BY DAVID BUCHAN

WASHINGTON, Nov. 13.

MUCH HARD negotiating remains to be done in the GATT trade talks which resume in Geneva this week, if agreement to lower tariff and non-tariff barriers is to be reached by mid-December, U.S. trade officials warned today.

But Mr. Robert Strauss, the Chief U.S. negotiator, is optimistic on his return from talks last week with the European Commission in Brussels that if a substantive trade agreement can be presented to Congress in January, the U.S. legislature can be persuaded to compromise on the vexed issue of countervailing duties, and extend the Administration's authority to waive the imposition of these duties, at least while the GATT agreement is being examined.

The EEC has threatened that if these duties, which would almost certainly be imposed on many of its agricultural exports to the U.S., are not waived, then it will not sign an overall trade agreement in Geneva. But the Administration here is still confident that these European worries will prove unfounded.

Mr. Strauss, in a Press interview over the weekend, said he expected to be able to present "Congress with a whole package of agreements" worked out in Geneva, and key Democratic leaders in Congress had told him they would push for an extension of the "waiver authority" while the agreements were examined in Congress.

U.S. trade officials say that key senators, like Senator Russell Long, chairman of the Senate Finance Committee, and Senator Abraham Ribicoff, chairman of its trade sub-committee, and key Congressmen in the House of Representatives like Mr. Al Ullman, chairman of the House Ways and Means Committee, and Mr. Charles Vanik, who chairs its trade sub-committee, favoured this approach.

As a fallback position, the Administration is also considering what executive action it might take to delay collection of countervailing duties if Congress is not prompt in extending the waiver at the start of January.

The Administration hopes that the Europeans will also consider President Carter's veto on the textile Bill, which would have barred any textile tariff concessions by the U.S. in the GATT talks, an earnest of U.S. intent to see the GATT negotiations succeed. Mr. Carter vetoed the Bill over the weekend, because of fears that other countries, notably the European Community, might retaliate by refusing to make concessions on other products.

● U.S. Congressmen issued blunt warnings in Tokyo on two sensitive bilateral issues, trade and defence. Members of a 41-man Congressional delegation warned at the start of talks with Japanese legislators that Japan must open its markets to U.S. goods and cut its huge trade surplus or face certain retaliation from the U.S. Congress.

"We haven't come to negotiate, we've come to deliver a message, and that is open up or there is going to be retaliation." This would be by means of surcharges, quotas, non-tariff barriers (on Japanese imports to the United States), said Mr. Bill Frenzel, one of the delegates, in an interview.

It was also suggested that the U.S. Navy may no longer be able to protect Japan's vital ocean supply lines in "a hostile situation" and the Japanese Government must increase its defence spending.

India reduces range of import duties

BY K. K. SHARMA

NEW DELHI, Nov. 13.

IN A SERIES of measures aimed at further liberalising imports and lowering costs of the production, the Indian Government has slasher the import duty on 17 types of capital goods, reduced the import duty on 25 raw materials used in the electronics industry, and allowed 48 items of leather machinery to be imported without prior clearance.

The reduction in import duty on capital goods is from the standard 40 per cent to 25 per cent and applies to items not manufactured in India. It is hoped this will lower project costs without affecting Indian manufacturers and lead to a reduction in production costs.

The substantial new import liberalisation is intended to make the maximum use of India's growing foreign exchange reserves which are now estimated at over $6bn. Since Government spokesmen have been severely criticising the growing protectionism in the West, the latest cut in import duties will give them an additional point to use in the current talks on tariff cuts.

In the last Budget, the import duty on certain categories of capital goods not produced indigenously was cut from 40 to 25 per cent. This concession has now been withdrawn in the case of machinery for oil exploration but it has been extended to many other machines.

The Government has also decided to extend for three more years the cash assistance scheme for certain exports but this will now be used on a more selective basis.

Traditional export commodities with a strong position in international markets will not be given this facility automatically.

Indonesia negotiates orders for oil tankers

TOKYO, Nov. 13.

INDONESIAN PLANS to order 10 small oil tankers from Japan and South Korea, Japanese shipyards report.

The deals, expected to be finalised soon, have been negotiated by an Indonesian mission, including representatives of an unnamed shipping company, and Indonesia's state-run oil corporation Pertamina, they said.

The Japanese companies involved are Hayashikane Shipbuilding and Engineering, Kanasachi Shipbuilding, Hitachi Shipbuilding and Engineering and Osaka Shipbuilding.

The South Korean deal involves the shipbuilding subsidiary of the Three Stars industrial group, they added.

The Japanese shipbuilders said the orders, to be backed by the Indonesian Government, are designed to increase Pertamina's domestic inter-island tanker fleet. Pertamina will charter the vessels from their Indonesian owners for 10 years—some of them without crew, and others on a time charter basis, they added.

The vessels will be delivered to the owners by the Japanese and South Korean yards by the end of 1979.

Reuter

China-Brazil agreement

BY DIANA SMITH

BRAZILIA, Nov. 13.

BRAZIL AND CHINA have signed a five-year multi-item trade agreement in Peking. This follows a recent memorandum of intent signed in Brazil by the Chinese Metals and Minerals Corporation and the Brazilian State Steel Agency, Siderbras, for Chinese purchase of $500m worth of Brazilian steel products in the next three years, and a four-year-old Chinese commitment to buy 150,000 tonnes of sugar a year from Brazil.

The new agreement entails Brazil's purchase of 1m tonnes of Chinese crude oil in 1979 and 1.5m tonnes in 1980. The quantities of crude to be purchased in 1981-83 will be negotiated later.

Before December 31, 1978, Brazil will ship an additional 50,000 tonnes of sugar as well as 15,000 tonnes of steel and 40,000 tonnes of metals to China. In 1979 and 1980, it will ship 2.5m tonnes a year of iron ore. Meanwhile Chinese News Agency sources quoting Brazil's Minister of Mines and Energy, Sr. Shigeaki Ueki state that a long-term iron ore contract will be negotiated early in 1979. Brazil hopes to sell China at least 15m tonnes of iron ore in the years to come.

● The Bank of China has invited a leading Austrian bank specialising in agricultural and industrial financing to make a detailed offer to help finance Chinese imports, the head of the Vienna-based bank said today.

Dr. Hellmuth Klauhs, chairman of the Board of Managing Directors of Austria's Genossenschaftliche Zentralbank told Reuter in Peking he had also discussed multi-currency syndicated loans with the Bank of China officials since his arrival in Peking last Thursday, but the volume had not yet been determined.

The Austrian delegation is one of a series of banking groups from various countries to come to Peking to discuss credit arrangements to help finance China's imports for its huge modernisation programme.

UK mission to Romania

Financial Times Reporter

A LONDON Chamber of Commerce and Industry trade mission is leaving for Romania on December 4 in an attempt to expand all forms of trade.

The mission will be led by Sir Peter Tennant, president of the London Chamber and Industrial Adviser to Barclays Bank International and director of the Anglo-Romanian Bank—Mr. Guy Checketts, managing director of Hawker Siddeley International and chairman of the Chamber's Romanian Section, is deputy leader of the mission.

Currently, the UK has a surplus in the balance of trade between the two countries, figures for the first six months of this year putting UK exports to Romania at £34.762m, while Romanian exports to the UK stood at £28.585m.

Mideast deals for Ericsson

By John Walker

STOCKHOLM, Nov. 13.

TWO ORDERS, each valued at approximately $8m, have been received by L. M. Ericsson from two customers in the Middle East for transmission equipment.

The first has been placed by the Iraqi Ministry of Communications for upgrading and extending the country's Western coaxial cable system.

The second contract covers telemetering and communications systems for remote supervision and control of the gas pipeline from the Dukhan gas fields in the state of Qatar to distribution points in Umm Said and Doha. This contract includes deliveries of telemetery equipment from Serck Controls of the UK.

HOME NEWS

American buyer for Wheal Jane mine

BY PAUL CHEESERIGHT

MR. ROBERT L. SPRINKEL a Californian businessman, has reached broad agreement with Consolidated Gold Fields for the purchase of the Wheal Jane tin mine, near Truro in Cornwall.

The agreement was disclosed last night by a spokesman for Mr. Sprinkel, but he would not disclose the purchase price. This is thought to be less than £2m.

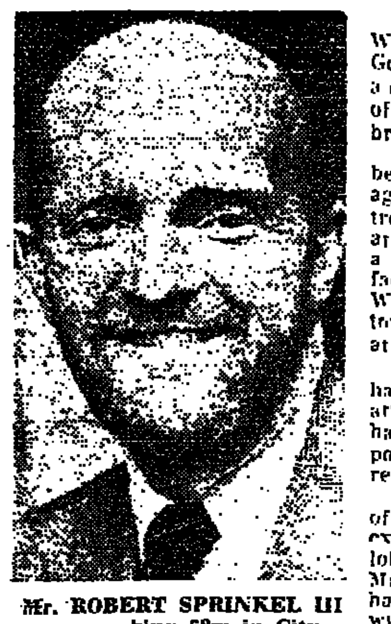
However, the agreement does not at this stage guarantee that Mr. Sprinkel will be able to rescue the mine which stopped producing tin last May.

Mr. Sprinkel will be seeking £8m in the City, and possibly from the Government, to buy the mine and launch a development plan which will involve spending for at least nine months before any revenue is generated.

His ability to raise this sum will depend to a large extent on how the City views a technical appraisal of the mine and the development plan now being under taken by Mackay and Schnellmann, a firm of London consultants.

This means that the agreement with Gold Fields can only be a broad understanding. But its existence, and the purchase price it specifies, undoubtedly gives Mr. Sprinkel a firmer basis on which to mount his financial demands.

He has now moved further down the road to a Wheal Jane rescue than other companies in the months since last May. Previously, Saint Piran, the majority owner of South Crofty, the largest tin mine in Cornwall, was considered as a potential buyer.



Mr. ROBERT SPRINKEL III ... seeking £8m in City

Saint Piran was followed by Cornwall Tin and Mining, the Canadian-U.S.-Swiss grouping, which owns the neighbouring Mount Wellington mine. This operation stopped production shortly before Gold Fields decided that Wheal Jane was no longer economic.

Although CTM did surveys of Wheal Jane and informed the Government, it never presented a definite plan to the Department of Industry and talks were broken off.

However, Mr. Sprinkel is believed to have reached an agreement with CTM to gain control of the pumping equipment at Mount Wellington. This is a necessary step in view of the fact that if the pumps at either Wheal Jane or Mount Wellington stop, the water level increases at the other mine.

In recent weeks, Mr. Sprinkel has been pushing his rescue attempt on many fronts. This has included talks with Transport and General Workers Union representatives in Cornwall.

Their concern about the future of Wheal Jane was most vividly expressed in May when they lobbied MPs at the Commons. Mr. Sprinkel is understood to have reached broad agreement with them.

The issue is of acute local importance because the closure of Mount Wellington and Wheal Jane meant that 800 people were pushed on to the labour market in an area where unemployment is double the national average.

Mr. Sprinkel's ability to re-employ some of these men depends ultimately on his ability to convince the City that his plans to work a low-grade tin mine are likely to be more effective than those of Gold Fields.

Building society tax cut

BY EAMONN FINGLETON

THE INCOME-TAX rate paid by building societies on behalf of savers has been reduced.

The special composite rate of income-tax levied at source on savers' interest payments has been set at 22.5 per cent with effect from last April. This compares with 24.25 per cent last year.

The new rate has been struck after protracted talks between the Inland Revenue and the Building Societies' Association. The Revenue's decision was passed to the societies in time for last Friday's meeting of the council of the Building Societies' Association and was taken into account in determining the movement's new interest rates.

The Revenue sets the composite rate to bring in the same yield they would have if building society depositors were not absolved from liability for standard rate income-tax.

This year's reduction reflects the introduction of a new 25 per cent tax band on the first £750 of taxable income and the reduction in the main tax rate from 34 per cent to 33 per cent.

On the movement's total deposits of nearly £37bn at the end of last month, the reduction will mean nearly £9m less tax to pay in the current fiscal year.

Taking into account the new tax rate, the movement's net after-tax surplus per £100 of assets this year is put at 54p — a rise of 2p on the 52p per £100 the movement had on the basis of the previous tax and interest rates.

Dunlop close to strategy decisions

SENIOR SHOP stewards at the Dunlop tyre plant at Speke, Liverpool, met management representatives yesterday in the wake of reports that the the factory is to be closed with the loss of 2,400 jobs.

Dunlop said it was reaching the end of a detailed investigation of its European operations and is close to making decisions about future production and marketing strategies.

The unions have been told that some rationalisation must be expected and that they will be the first to learn about any closures decided upon

There was a general feeling on Merseyside last night that the Speke plant, with its poor production record, will be in danger if there are to be cutbacks.

Lord Sefton, chairman of the North West Economic Planning Council, is to seek an urgent meeting with the Prime Minister to discuss the threat to jobs.

Redundancies would pose a real threat to social conditions in the North West, Lord Sefton said in a telegram to the Prime Minister. He called for an immediate transfer of resources to the area from other regions.

Speke has already been hit this year by the closure of one of BL's Triumph plants at the cost of 3,000 jobs. A further reduction of 590 jobs at the other Triumph factory was announced last week.

New technology hit tyre plants

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ANYONE ATTEMPTING to prove that introduction of new technology to the motor industry will cost jobs both on the production lines and among traditional component suppliers has to look only to the tyre industry to prove this point.

Until the mid-1970s most motorists in Europe bought a new set of tyres about every 20,000 miles. Then the new technology in the shape of steel-braced radials began to have a major impact because these tyres will last up to twice as many miles as those of cross-ply construction.

Unfortunately for the tyre makers, this change coincided with a drop in demand for new cars and in the average mileage covered by motorists facing big increases in petrol bills and major cuts in speed limits.

All this was due to the 1973 oil crisis.

The tyre manufacturers laid down their plans in the mid-1960s and set manning levels at a time when more and more motorists were expected to do much longer average journeys on tyres which lasted only half as long.

As a result, there is probably something like 20 per cent more capacity in Europe than is required.

This is a European problem. And it has been exacerbated by other difficulties in individual markets.

In the UK the replacement tyre market has not only declined—from 22.4m in 1972 to 19.4m—but is extremely price competitive. Rigid price controls by the authorities in France last year shot profit margins to pieces after costs rose 12 per cent and the manufacturers were restricted to a 3 per cent price increase.

In West Germany the high value of the Deutschemark had a great impact on tyre making which is a labour-intensive business. Imports were sucked in and half the replacement market has been lost to importers from all over Europe—both West and East.

This has all been reflected in the financial performance of the manufacturers. In the past few months in the UK alone, Michelin's British subsidiary announced its 1977-78 pre-tax profit had dropped £4.49m to just over £30m compared with the previous year. That was on a turnover up from £299m to £342m.

Goodyear's UK offshoots actually made a pre-tax loss of £605,000 in 1977 (against a £611,000 profit) on a turnover up from £159m to £187m.

And Dunlop reported first-half taxable profits slumped by £10m to £22m, all of the slump accounted for by the tyre division. Dunlop said its British, Irish and German tyre operations all lost money and it was only in France that a small profit was made.

So far, however, the companies have not done very much about rationalising production capacity. In the UK, Goodyear made 400 people redundant at its Wolverhampton plant and the same group shut down its operations in Belgium.

Firestone quit Switzerland, Goodrich shut down a factory in West Germany, Trelleborg closed one in Sweden.

But all of these were small plants and observers saw the closures as very much a tinkering with the problem rather than any determined grasping of the nettle.

However, Dunlop is now reaching the end of a thorough investigation of its European operations and is close to reaching decisions about its future production and marketing strategy.

It now seems almost certain that the plant at Speke, where 2,400 are employed, will be closed.

Cutting capacity is only part of the answer to the tyre industry's problem. Its pricing is all wrong. The companies made a terrible mistake in not fixing the price of the steel-braced radials at a level which reflected the increased mileage which can be expected from them.

At the same time, the tyre manufacturers relationship with the car assembly groups is heavily weighted in favour of the motor concerns and margins in tyres supplies for new vehicles are very small indeed.

But then the car makers can play off against one another several highly-competent tyre manufacturers, all with perfectly adequate technology to offer. Whether the tyre companies will ever find the resolution to insist on better margins from their most-important customers remains to be seen.

Esso ends cut-price petrol

By Kevin Done, Energy Correspondent

ESSO IS withdrawing all price support from its network of petrol stations with effect from tomorrow.

Its decision brings to an end an era of cut-price petrol which has seen petrol prices fall by 36 per cent in real terms in the past three years.

Esso is the last major oil company to abandon price subsidies to its retail dealers.

The move to withdraw support was started by Mobil at the beginning of last week and was quickly followed by most of the other majors.

Esso waited cautiously to see whether the higher prices were maintained in a market of fierce competition. It has been supporting about 20 per cent of its 6,500 dealers, but last week it was prepared to withdraw its price support of about 2p-3p per gallon only in areas where other oil companies had made the first move.

Esso holds about 20 per cent of the UK petrol market. Its decision to follow the other oil companies means that the price of a gallon of four-star will now rise to about 79p in almost all parts of the country.

Plastics industry 'is being sabotaged'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

CHEMICAL industry trade unions yesterday accused multinational petrochemical concerns of "sabotaging" attempts to develop an industrial strategy for the plastics materials sector.

The accusation follows a row over investment plans among members of the petrochemicals sector working party—one of 39 tripartite groups set up by the Government to encourage the development of key sectors of industry.

The row centres on recommendations made in the McKinsey report, commissioned by the National Economic Development Office and completed more than a year ago, but published only today.

The report says that in order to balance trade in plastics materials with the rest of the EEC by 1990, UK producers can either delay investment for the present, invest sufficiently to protect their home market or invest heavily so as to be ahead of European competitors once demand starts to pick up. Union representatives on the working party insist the industry must go for heavy investment now so as to be ahead of the rest of the EEC by 1990. But company representatives are determined on a more cautious approach.

As a result, the two sides have failed to draw up joint proposals for an industrial strategy to go before the National Economic Development Council in the new year. And yesterday the unions called on the Government to step in and break the deadlock.

Mr. Roger Lyons, national officer of the Association of Scientific, Technical and Managerial Staffs said imports of plastics materials to the UK were running at £520m a year. And he claimed employers had sabotaged attempts to reduce this bill.

He said multinational plastics materials producers were investing on the Continent in areas in which they claimed there was already over-capacity in the UK. He named ICI and BP Chemicals and accused both of "selling the nation short."

The unions say that the UK share of EEC production of plastics materials fell from 22 per cent in 1963 to 13 per cent in 1975 and that the trade deficit with other EEC countries stood at £163m last year and is expected to reach £220m this year. They also note that import penetration in plastics materials has risen from 30 per cent to 36 per cent over the last two years.

Catering turnover rises 5%

TURNOVER IN the catering trade was up by 5 per cent in the three months ended last September compared with the second quarter of the year, according to Government figures published yesterday.

As compared with the same quarter of 1977, turnover was up some 12 per cent.

The biggest jump was in the licensed hotels and holiday camp trade, with sales 18 per cent higher than in the same period a year ago.

Restaurants, cafes, and fish and chip shops had a 12 per cent increase over last year, while canteens and public houses reported increases of 11 and 10 per cent respectively.

Ship repair group seeks reduction in rates

BY OUR SHIPPING CORRESPONDENT

A PRIVATELY-OWNED ship-repair company on the Tyne has asked for a rate rebate from North Tyneside Council to help it meet competition from nationalised yards and overseas competitors.

Smith's Ship Repairers of North Shields, which declared 370 men redundant last month and is expected to report shortly a loss for the year of over £1m, has complained in the past about subsidised competition from nearby Tyne Ship Repair, which is part of British Shipbuilders.

Tyne Ship Repair is also having heavy losses, though the company has not released any figures.

Smith's would not comment on its application to the council yesterday, but the council said that the company paid £212,000 a year in rates and sewerage charges.

Local authority accounts late

THE Department of the Environment yesterday published the latest edition of local government statistics for England and Wales.

Publication of the detailed accounts has been delayed "because of the late receipt of returns from a significant minority of authorities."

Local Government Financial Statistics, England and Wales, 1976-77; HMSO; £2.25.

Indemnity cover increase

BY JOHN MOORE

LLOYD'S OF LONDON has revised its regulations governing the professional indemnity insurance cover of its own insurance brokers. The maximum level of professional indemnity cover required is to be raised from £5m to £20m next month.

The amount of professional indemnity cover — the insurance which protects professional people against errors or omissions—which brokers will have to arrange is based on a complicated formula arranged in two stages.

Stage one takes effect from December 1, 1978. The minimum insurance cover required will be £1m plus three times net retained UK brokerage, excluding motor brokerage on a direct dealing basis, plus five times the net retained brokerage on overseas business. This is subject to an overall maximum of £20m.

Stage two takes effect from November 1, 1979. Then the minimum insurance required will be £2m plus four times net retained UK brokerage, excluding motor brokerage on a direct dealing basis, plus six times net retained overseas brokerage. Again, the amount of cover required is subject to a Lloyd's upper limit of £20m.

Tarling renews court appeal against Singapore extradition

MR. RICHARD TARLING, former chairman of Haw Par Brothers International, yesterday tried for the second time to persuade the High Court that his extradition to Singapore on company law charges would be "unjust and oppressive."

His counsel, Mr. Louis Blom-Cooper, QC, argued against extradition because of the lapse of time since the alleged offences were committed, and because the five charges were "trivial." They did not involve dishonesty, and he had a complete answer to them under Singapore Law.

Mr. Tarling is seeking a writ of *habeas corpus*, which would stop his extradition.

Mr. Blom-Cooper contended that the court's refusal of a similar move by Mr. Tarling in July last year did not prevent him making a fresh application.

Last April the House of Lords ruled that Mr. Tarling should not be sent to Singapore on other charges alleging dishonesty.

The five remaining charges were of an accountancy nature, Mr. Blom-Cooper told Lord Widgery, Lord Chief Justice, Mr. Justice Griffiths and Mr. Justice Gibson in the Queen's Bench Divisional Court yesterday.

"My submission will be that in any event, Mr. Tarling cannot be convicted of these offences. Even if he is extradited, he will be able to apply in Singapore for the indictment to be quashed."

The charges relate to the annual accounts of Haw Par for the years ending April 1973, and April 1974.

The hearing continues today.

Evening Standard editor resigns

BY MAX WILKINSON

MR. SIMON JENKINS, Editor of the Evening Standard, has resigned after a series of disagreements with Mr. Victor Matthews, chairman of Express Newspapers.

Mr. Jenkins became editor two years ago when he was 33. His tenure spans one of the most stormy periods in the paper's history.

It was threatened with closure, and with being taken over by Associated Newspapers, which wanted to absorb it into its own Evening News.

Mr. Jenkins and Mr. Charles Wintour, former editor of the Standard and now its managing director, waged a flamboyant and skilful publicity campaign to save the Standard from death, or what some partisans thought a fate worse than death at the hands of Associated.

The Standard's cries for help brought sympathy from the Government, and more importantly a rescue bid from Trafalgar House, the present owner.

When Trafalgar took over from the Beaverbrook family, Mr. Matthews became chairman.

Soon the position of the Standard was to become once again somewhat uncertain. Mr. Matthews made clear that he would not keep his papers open if they continued to be unprofitable.

Mr. Matthews had strong views about how he wanted his papers run.

Specifically he has wanted the Standard to concentrate on being a paper for Londoners.

He is believed to take seriously criticisms by Associated that the paper catered too much for the "Hampstead intelligentsia" and too little for the other Londoners.

Although Mr. Matthews is not believed to want a major change of direction of the paper, there have been several serious disagreements between him and Mr. Jenkins, who was asked to resign. Mr. Matthews has also been worried by the continued slide in circulation.

One disagreement was about a leading article in the summer which could have been read as condoning the Russian invasion of Czechoslovakia 10 years ago.

Mr. Matthews disliked this so much that he asked the editor to print a statement dissociating himself from the leader.

There was a strong disagreement about a leading article which criticised the Conservative Opposition.

Other causes of conflict are believed to have been late production and the question of management interference in day-to-day editorial policy.

Mr. Matthews has not yet announced a successor to Mr. Jenkins. There are three internal candidates. One is Mr. Brian McArthur, who recently moved from being assistant editor of The Times to deputy at the Standard.

Mr. Roy Wright was sacked by Mr. Matthews as editor of the Daily Express after a series of disagreements. Mr. Matthews is, however, known to think highly of Mr. Wright, who has recently rejoined Express Newspapers as assistant editor of the Standard.

The third possibility is that Mr. Wintour would move back to the helm for a while.

Yesterday none of the main dramatis personae was prepared to make more than a brief comment. Mr. Matthews said he had a "high regard for Simon Jenkins." Mr. Jenkins said they were parting "amicably, though sadly" after discussions about the style and approach of the paper.

Mr. Jenkins, an Oxford graduate, worked on Country Life and the Times Educational Supplement before becoming leader writer and features editor on the Evening Standard. He spent a short while as head of Insight on the Sunday Times.

He recently married Gayle Hunnicutt, the American actress.

SIMON JENKINS
"Amicable disagreement"

● NEWS ANALYSIS—CHARTER FLIGHTS TO SPAIN AND PORTUGAL

Airlines row threatens Torremolinos trade

BY MICHAEL DONNE

FEARS THAT British holidaymakers may find their charter flights to Spain disrupted this winter, as a result of the civil aviation dispute between the two countries, should not be taken lightly by the Department of Trade, the British Airports Authority or the airlines and tour operators in the UK. For what might at one time have been easily reconcilable differences between Britain and Spain and Portugal have now become real and deep, and the possibility exists of further sanctions against the UK—such as denying British Airways flying rights into Lisbon.

There are two issues in the dispute, which although separate have become entangled in recent months as relations between the two countries have become increasingly strained. One is the desire of the Department of Trade and the British Airports Authority to reduce congestion at Heathrow by moving some foreign airlines, such as Iberia of Spain and TAP of Portugal, to the comparative peace of Gatwick. The second is the need for a new air services agreement between Britain and Spain that gives the latter a bigger share of the revenues from the charter operations that dominate air traffic between the two countries.

The Iberian peninsula collectively represents one of the UK's biggest air transport markets, with over 5m passengers a year, of which about 4.6m fly to and from Spain, and the rest to and from Portugal.

Of the Spanish total, about 1m are carried on scheduled services, and about 3.6m on charters, while for Portugal the scheduled service total is about 220,000 and the rest charter.

The scheduled traffic is covered by commercial "pooling" pacts between the airlines—BA, Iberia and TAP—whereby revenues are shared according to a secret formula, which is believed to favour Iberia and TAP. But for charters, the situation is different. Most of these passengers—about 90 per cent—are British holidaymakers and are carried in British aircraft, mostly owned by independent airlines.

This charter traffic is outside the scheduled airlines' "pooling" agreement, and is also not covered by the existing Anglo-Spanish bilateral "air services agreement." As a result, the Spanish and Portuguese airlines do not get anything like the same share of the revenues as they do from scheduled services.

In recent discussions between the British and Spanish Governments in Madrid, to review—but not to renew—the air services agreement, the Spanish are understood to have asked for charters to be brought into the agreement. But the UK declined, and the talks were broken off, and no plan was made for another meeting.

It is at that point that the differences of view over air services became enmeshed with the other simmering dispute about the UK's desire to shift Iberia and TAP to Gatwick. This problem, too, has been cooking for a long time, and it is fair to say that there is considerable merit in the arguments on both sides.

Heathrow now handles over 27m passengers a year, and will reach saturation in the mid-1980s even with the proposed new fourth terminal — and earlier if construction of that terminal is denied by the Government for environmental reasons. But at Gatwick, south of London, where a £100m modernisation scheme has recently been completed, and further large sums are planned to improve the airport, the traffic is barely 8m passengers a year, with capacity already available to cope with 16m, and room for further expansion to 25m.

The Department of Trade and the British Airports Authority have been trying for months to persuade British Airways and foreign airlines to move at least some of their services to Gatwick. Airlines which have been approached include Air Canada, Iberia, TAP, Scandinavian Airlines System, Pan Am and Trans World Airlines. So far, the UK bodies have met with no success. Not one foreign airline now serving Heathrow wants to move, and even British Airways is reluctant.

Iberia said yesterday that such a move would be a "catastrophe" which could cost the airline up to £20m a year.

The airlines' argument is that at Heathrow they benefit from the substantial inter-connecting traffic between the 54 airlines serving that airport. Moreover, they claim that because they have been there for many years, they have built up goodwill with passengers, staff and other airlines, and invested in facilities that would be rendered useless by a move.

Happy

The DoT and BAA have already tried to keep congestion under control at Heathrow. They have banned "whole aircraft charters," obliging them to use Gatwick, and any new airlines seeking routes into the UK must now automatically go to Gatwick—which is why both Braniff and Delta, of the U.S., which started transatlantic routes this year, use that airport, and appear to be happy there. The BAA recognises the need for inter-connecting traffic and has introduced the inter-airport helicopter shuttle between Gatwick and Heathrow—much to the annoyance of local residents in Surrey, but this will end when the M25 motorway link finally opens all the way between the two airports.

But because the attempts at persuasion failed, the DoT and BAA felt obliged this summer to resort to direction. The first airlines they chose were Iberia and TAP, on the basis that because they served the Iberian peninsula, they had some common bond with British Caledonian, which serves South America out of Gatwick. British Airways was also directed to shift some flights to Gatwick.

Inevitably, the two foreign airlines objected vigorously, and declined to move. When they discovered that Airline Scheduling Committee (the airlines body which works out the "slots" for the aircraft using Heathrow) had been told to exclude them from next April 1, the foreign airlines took the matter to court. They won a declaration that the actions of the BAA and the DoT had no force in law until a formal order was made under Section 58 of the Air Navigation Act, and that no further action would be taken against the two airlines until further discussions had been held between the Governments involved.

As a result, certainly for the time being, the two foreign airlines can continue to use Heathrow. But coming in the wake of the inconclusive Anglo-Spanish discussions on the air services agreement, it caused the growing Spanish anger with the UK to boil over. Spain abruptly suspended British Caledonian's rights to fly through Madrid on its way to and from South America, a move which B.Cal. argues will cost it about £750,000 a year in lost profits.

The Spanish action seemed to take UK officials by surprise, but subsequently Spanish and Portuguese officials at the ABTA in Torremolinos this week hinted at the possibility of even further sanctions, such as denying British Airways the use of Lisbon, if the UK persists in its attempts to force Iberia and TAP out of Heathrow to Gatwick.

For Britain the matter is also one of considerable importance, for if the DoT and BAA lose the fight to get Iberia and TAP to move to Gatwick, they will have virtually lost the right to move any airlines anywhere, and also lost the battle to ease congestion at Heathrow. Yet, if the UK authorities push too hard, they will certainly run up against further legal action from the airlines concerned, with more threats of retaliatory action against British airlines overseas.

As the matter stands, however, a genuine British effort to try to make life easier for everybody at Heathrow has resulted in as near a breach in civil aviation relations between the UK and Spain and Portugal as it is possible to get. But it does seem that efforts are being made to pull the situation back from the brink, with the statement that the UK Government is inviting the Spanish and Portuguese officials to see for themselves just what goes on at Gatwick, to prove that it is not just a second-rate "bucket-and-spade" airport but one of the most up-to-date in Western Europe—and one, moreover, from which many holidaymakers to Spain fly out.

But it seems likely that if the DoT or the BAA do want to achieve some realignment of air services between Heathrow and Gatwick, they will have to move more diplomatically and softly than hitherto. The big stick has already been proved not to work, and it seems that some inducements might be advisable in the form of cheaper landing fees at Gatwick for an introductory period, and perhaps even some compensation for loss of investments at Heathrow and other expenses in moving, such as for staff obliged to shift their homes.

It is not enough for the DoT and BAA to argue that in other countries the UK has been required in the past to move from one airport to another without such inducements — such as from Orly to Charles de Gaulle airport in Paris, and from Dorval to Mirabel in Montreal. The situation has reached the point where the Spanish Government has already imposed sanctions on one British airline, with the possibility of more to come. Eventually, the matter will have to be settled by discussion between all the parties, and it seems that the sooner such talks are held, the better.

Shetland council in oil rating dispute

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A NEW CLASH is looming between oil companies and the Shetland Islands Council over the rating of the Sullom Voe oil terminal. At issue could be up to £6.5m a year.

BP, as operators for the Sullom Voe consortium, will become liable to pay rates as soon as the terminal comes on stream, which could be this month. Its rateable value has not yet been assessed, but the council's estimate is that it could be £35m.

At the current level of Shetland rates, this would mean the oil companies making a contribution of £13m a year to the islands' spending, equivalent to 85 per cent of all income from ratepayers.

But, following the precedent set by Occidental on its terminal at Flotta, Orkney, BP is certain to apply for industrial derating, which would halve its rateable value and hence its annual rates bill.

As a way of showing it means business, the company has already appealed against the rates assessment on some of the houses it has built in Shetland for Sullom Voe employees. The sums involved are small, but the intention is to demonstrate to the council that the oil industry has not got a bottomless purse.

On its side, the council has become alarmed at what derating will do to its finances and is to see Mr. Bruce Millan, Secretary of State for Scotland, later this week to ask the Government to exempt Sullom Voe from derating.

Mr. Ernest Urquhart, Chief Executive of the Islands Council, said that if the terminal did have its rates bill halved, there would be a considerable extra burden on Shetland's domestic ratepayers and other industries, which already had to pay large increases.

He had calculated that by 1982-1983 the rate in the pound could have fallen to 33p in Shetland, compared with 57p proposed for next year. However, if the terminal was derated, the rate poundage would rise to 58p.

Guide on rebuilding costs

By Eric Short

TWO GUIDES to help in assessing the cost of rebuilding various types of houses in different parts of the country have been prepared for the British Insurance Association by the Building Cost Information Service of the Royal Institution of Chartered Surveyors.

The leaflet for policyholders shows rebuilding costs per square foot of external floor area, based on five types of house, covering three property age bands and three regions, of average construction for three sizes of house. The guide for insurance valuations has more comprehensive divisions.

People wishing to take out insurance cover for their houses need to insure for the full rebuilding costs. The association emphasises that market values are poor substitutes for assessing the sum insured. In most areas market value is well below rebuilding costs but in some areas it is well above.

There is considerable variation in costs. For example, the cost per square foot for a large pre-1920 terraced house in London is £23.50, which, assuming a typical floor area of 1,625 sq ft, would mean a sum insured of £46,312.50. In contrast, a small post-1945 semi-detached house in the south west would have a cost per sq ft of £18.50 which with a typical floor area of 1,055 sq ft would lead to a sum insured of £19,517.50.

This is the first time such a comprehensive survey has been made. The association has spent £11,000 on producing these guides and intends to spend a further £4,000 a year updating the survey.

"A Guide to Buildings Insurance for the Home Owner," available free from the British Insurance Association, Aldermary House, Queen Street, London EC4P 4JD.

"Guide to House Rebuilding Costs for Insurance Valuation," price £2 from the Building Cost Information Service, 85-87 Clarence Street, Kingston-upon-Thames, Surrey KT1 1RB.

Slight fall in numbers of visitors to Britain

FINANCIAL TIMES REPORTER

SLIGHTLY FEWER people entered the UK in August compared with the same month last year, according to the Trade Department.

The biggest fall was in numbers from non-EEC European countries. These were largely replaced by a greater number of arrivals from Asian and Latin American countries.

For the first eight months of the year, visitors to Britain totalled 7,064,000, a fall of 1 per cent compared with the same period last year.

The number of U.S. citizens coming to the UK rose by 3 per cent in August compared with the month last year, but the total number of EEC arrivals for the first eight months of the year was down by 3 per cent from 3,909,000 in 1977, to 3,807,000.

The number of Greek visitors in the month dropped by 36 per cent compared to the previous August.

Arrivals of non-European or North American nationals increased by 4 per cent to 190,000 compared with 181,000 in August 1977. The greatest increase was of Asians and Latin Americans.

New print process wins £10,000 prize

BY NICHOLAS LESLIE

SEVEN YEARS spent developing a micro-processor based printing process using an ink jet instead of imprinted characters has paid off for Mr. Graeme Minto. He has won a £10,000 prize for innovation, and will be able to start manufacturing his product early in the New Year.

The prize, the Innovator of the Year Award, has been awarded by Technical Development Capital, the venture capital subsidiary of Industrial and Commercial Finance Corporation. The Corporation is backed by the big banks and the Bank of England, and channels funds into small and medium-sized companies.

Mr. Minto developed his printing process while working as manager of the ink jet printing systems research and development group at Cambridge Consultants, the Cambridge-based contract consulting group.

He left Cambridge in September in order to form his own company and to exploit the technology which he will be using will be under licence from Cambridge in exchange for royalty payments.

His process involves projecting minute drops of ink on to a printing surface. The jets of ink are electrostatically deflected and there is no other contact with the printing surface. The process is similar in many ways to that patented by A. B. Dick in the U.S., and used by IBM in a word-processing system.

However, Mr. Minto's system employs 256 characters against Dick's ten, and is microprocessor based. This means it can achieve fast and flexible printing speeds.

He plans to market the process initially to the printing and packaging industries since his machine can print over most types of either even or uneven surfaces.

There were three runners-up in Technical Development Capital's competition, each of which received £5,000.

First was Dunford Hepburn, which has developed a source-powered digital volt meter. The meter can be powered by the source being measured and there is therefore no need for a separate power supply. This is said to be the first meter to operate without being powered by an alternative power supply.

A prize was also won by Mendel King and Ray for development of a new reflective road stud in direct competition to the cat's-eye. Known as the Kingray, it is mechanically depressible and has a self-cleaning system operated by water and air.

Finally, Shortway Rope Guides, which designs shipping roller systems, has developed a roller system to replace types originally designed for use on fishing boats. It is claimed to be much safer than those in general use.

Misleading bargain offers law 'one-sided'

By David Churchill

GOVERNMENT PROPOSALS to ban misleading bargain offers by retailers were criticised yesterday by Mrs. Sally Oppenheim, Conservative spokesman on Prices and Consumer Protection.

She told the Oxford Street Association in London that the proposals, announced recently by Mr. Roy Hattersley, Prices Secretary, were "taking a sledgehammer to crack a nut."

It was important that the balance between consumer protection and too much Government intervention in business was maintained. In recent years, however, she claimed that the balance had been tipped in favour of the consumer with too many politically-inspired moves by the Government in the field of consumer protection. She especially singled out the Price Commission for criticism.

Competition

Mrs. Oppenheim promised that the Conservatives would redress the balance when they returned to power and ensure that consumer protection measures were only brought in where necessary.

"The greatest measure of consumer protection was the maintenance of free and vigorous competition."

Earlier, Mr. Harry Shepherd, president of the association, had more forthrightly attacked the "flood of consumer protection laws which shoppers do not always want or need."

He called for a halt to further legislation until there had been a survey of the costs and benefits of the legislation already existing. His own estimate was that the total costs of consumer protection laws was about £550m a year.

"Much of the demand for consumer law came from the consumerist pressure groups, unrepresentative of majority opinion, self-interested and either unaware or uncaring of the results . . ."

Ernest Jones training award

THE FAMILY-RUN jewellery business Ernest Jones, which in July was the subject of a new issue on the London Stock Exchange, was yesterday awarded the Distributive Industries Training Board Award for its staff training programme.

Small hotels win AA's approval

BY ARTHUR SANDLES

THE AUTOMOBILE Association has discovered that small is beautiful—at least as far as restaurants and hotels are concerned. In its latest guide, Mr. Ian Tyers, the association's consultant editor, talks of a new wave of self-confessed amateurs "sweeping away the cobwebs of established hotel operation."

According to the guide: "At one time starting up in the hotel business or running a restaurant for olde worlde tea shop was the dream of virtually every holiday-maker who ever ventured into the West Country. Yet, of those who tried, few survived the bankruptcy courts. But today things are different."

Such properties are now thriving, says the guide. And why has this happened? "Because for too long too many of the traditional hotels, particularly those run by distant business conglomerates, have ignored the all important person—the paying guest. Major and minor irritations, the guests have grumbled about have been disregarded." This, says the guide often produces "an extremely over-priced endurance test."

"The guide talks of "kippers curled in their death agonies congealing on cold, chipped plates," but warns hoteliers that people are becoming more choosy.

The guide, which has grown increasingly chatty in style over the years and clearly now presents serious competition for Egon Ronay and the Consumers' Association publications, offers as examples of good individualistic hotel and catering efforts the Mallory Court in Leamington Spa (run by former clothing store owners); the Bridge of Cally in Tayside (owned by a former Unilever executive); the Fifehead Manor in Hampshire (run by a Dutch housewife); and the White Moss House at Grasmere (managed by a former accountant and his wife).

AA Guide to Hotels and Restaurants in Britain, £2.95 (£2.85 to members at AA shops).

Elizabethan first edition auctioned for £7,200

SALEROOM

BY ANTONY THORNCROFT

A FIRST edition of George Puttenham's "The Arte of English Poesie" first published in 1589, made a good price of £7,200 in a Sotheby's sale of 16th and 17th century books yesterday which totalled £122,458. Dawson paid £4,800 for a first 1621 edition of Burton's "The Anatomy of Melancholy," and Thorp £3,800 for a first edition of "The Faerie Queene," by Spenser. The same sum, also from Dawson, acquired a rare copy of Voragine's "The Golden Legende," translated into English by William Caxton.

The Christie's auction of oriental ceramics totalled £38,821. E. Lin, a Japanese dealer, paid £1,600 for a blue and white Ming vase which had been much cracked and repaired. A pair of blanc de chine figures of Hsi Wang Mu of around 1800 sold for £1,500 to Mrs. Glatz. In New York, on Saturday Christie's disposed of Old Master paintings for £218,019. "A Lady as Saint Mary Magdalen" by the Master of the Female Half Lengths went for £20,900.

A German flatware service of 198 pieces sold for £1,200 in a Christie's South Kensington silver sale, which totalled £22,255. A Victorian three-piece coffee set sold for £900 and silver wine labels were also in demand.

CONTRACTS

Controls and drives for new board mill

GEC INDUSTRIAL CONTROLS has been awarded the contract for the supply and installation of the sectional thyristor drive system for the new No. 2 board machine for Thames Board Mills' expansion at the integrated pulp and board mill at Workington. Worth about £1m, the contract includes more than 50 thyristor convertors, and 110 motors with a total rating exceeding 4 MW. Supply transformers and drive gearboxes are included. The new machine, which will treble capacity at the Workington plant, will be a 5.4 metre trim width, multi-wire duplex machine, with a production capacity of 100,000 tonnes per annum. It is due to come into operation at the end of 1980.

★

Worth £150,000, an order for Ultralite tippers of a variety of capacities, has been placed by RMC Engineering and Transport, Ashford, Middlesex, with NEVILLE CHARROLD, Mansfield Notts. The tippers will be used for aggregate haulage by the concrete and aggregate division of The RMC Group.

★

Magnetic tape transports to the value of around $600,000 are to be purchased from Pertec International, Reading, by Plessey Communications and Data Systems, Poole, Dorset.

★

One of the biggest contracts for liquid argon to be won by BOC in the North West region has been awarded by the Leigh manufacturing division of David Brown Tractors. The gas is for MIG welding used to construct tractor components. Supplying an estimated 100,000 cubic metres/year, the contract will run for five years and is worth £175,000.

★

GAVLE UK has a contract from Costain International worth more than £1½m for the design and supply of coloured steel roofing, cladding and accessories for workshop facilities in Iran. Work has begun, with completion expected in 1980.

★

THE LINFORD BUILDING GROUP has won a contract worth nearly £1m to build a supermarket in Broad Street, Stafford. The two-storey building will have a ground-floor area of around 15,000 square feet, with storage and offices on the first floor. Due for completion in late 1979, this will be Sainsbury's first supermarket in Stafford.

★

Orders in excess of £330,000, for type OV, non-electric engine watchers, are announced by TEDDINGTON INDUSTRIAL EQUIPMENT following a sales tour of Saudi Arabia, Iran and other Middle Eastern countries. The engine watcher shuts down an engine at a predetermined danger setting of coolant temperature or oil pressure.

★

RANK TAYLOR HOBSON, the Leicester-based specialists in the manufacture of precision measuring instruments and optical equipment, has secured orders from China totalling £750,000.

★

HUNTER DOUGLAS has been awarded Gulf contracts worth £230,000 for Luxalon Sandwich Wall, which has been specified for an extension to The Gulf Hotel, Bahrain; Ministry of Foreign Affairs, Jeddah; and Jeddah Shopping Centre Phase 2.

★

The Scottish Development Agency has awarded a £1.28m contract to BALFOUR BEATTY CONSTRUCTION (SCOTLAND), a member of the Balfour Beatty Group of BICC Limited, for the construction of Phase 1 of advance factory units at Annick Street, Shettleston. Work has started.

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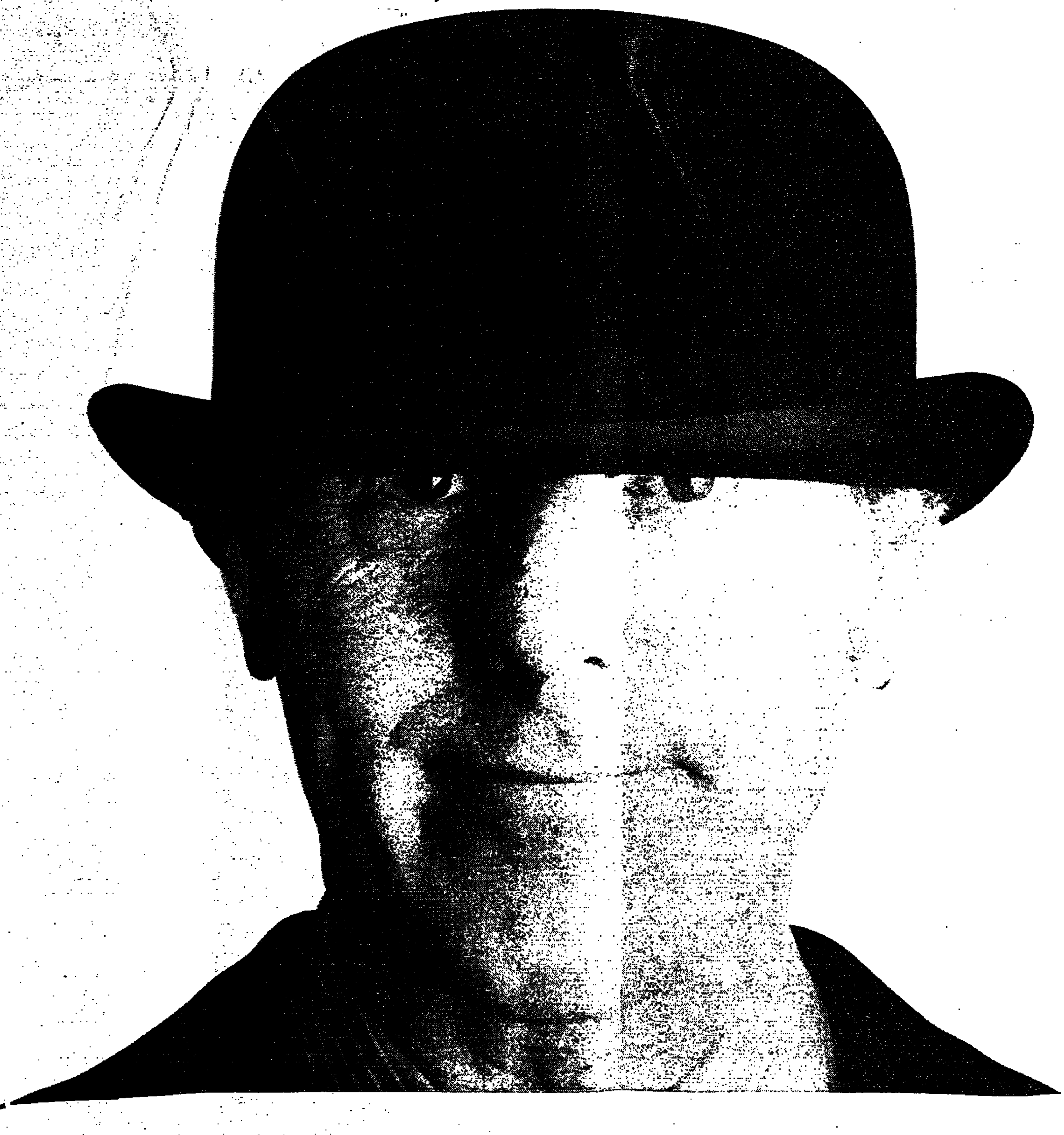


ED°5/FT11

PARLIAMENT AND POLITICS

Labour Left attacks Healey

BY ELINOR GOODMAN

INCENSED by both the tone content of the Chancellor's warning on television at the weekend about the consequences of a pay explosion, Labour Left-wingers last night accused Mr. Healey of jeopardising the Labour Party's election chances.

At the weekly meeting of the Tribune Group, it was agreed that a delegation should be sent to Mr. Healey to remind him that the Labour movement had long ago agreed an alternative economic strategy to that now being put forward by the Government.

The Tribune delegation will be led by Mr. Brian Sedgemore, who was sacked last week as Parliamentary Private Secretary to Mr. Anthony Wedgwood Benn.

The confrontation will probably take place towards the middle of next week after the Tribune Group has met again to discuss details of its alternative to the Chancellor's 5 per cent limit on pay rises.

Mr. Healey has hardly gone out of his way to endear himself to the Left. But after his remarks on television this weekend, his relations with the Tribune Group seem to have reached a new low.

The atmosphere at yesterday's Tribune meeting, which took place on the eve of the TUC's General Council meeting to discuss the union's joint statement with the Government, was described as being "angry and anxious."

Not only were the 25 members furious at the Chancellor's attitude, but also about last week's increase in interest rates, which some claimed demonstrated the need for increased Government intervention in the lending institutions such as building societies.

The Tribunites attacked almost all the alternatives spelt out by Mr. Healey on Sunday for controlling inflation.

Repeatedly emphasising the similarities between official Labour Party policies and those of the TUC, the Tribunites repeated that the Labour Party was against an incomes policy of 5 per cent and in favour of a return to free collective bargaining.

They also claimed that the monetary policies which Mr. Healey said would have to be adopted if there was a wages explosion would create further unemployment and do nothing to bring down inflation.

More cash available for Leyland—Varley

BY IVOR OWEN

IF BL's updated corporate plan justifies the provision of more public money it will be made available, Mr. Eric Varley, the Industry Secretary, assured the Commons.

He told MPs that he expected to receive the plan from the National Enterprise Board (NEB) before the end of the year.

"The question of further public funding for BL will be considered in the light of the Government's review of the plan and the recommendations of the NEB," he added.

Mr. Varley, who praised the work of Mr. Michael Edwardes since his appointment as chairman of BL, stressed that the success of the company was dependent on continuity of production and the level of demand for its products.

The need for BL to justify further public investment was emphasised by Mr. Kenneth Clarke, a Conservative Industry spokesman.

Mr. Varley pointed to encouraging signs from BL in relation to market share and improved profitability, and indicated that a decision on the provision of more public money was likely to be made early in the New Year.

He urged MPs to recognise the importance of moving away from the provision of resources on "a drip-feed" basis, towards an equity and loan basis.

"If we get to a situation where the corporate plan justifies more Government finance, then we will make it available," the minister declared.

So far the Government has committed £800m to BL, and arrangements have been authorised for the provision of a further £400m on a time scale to be agreed with Mr. Edwardes.

Replying to Mr. Hal Miller (C. Bromsgrove and Redditch), Mr. Varley confirmed that BL management had withheld some investment as a result of industrial disputes over the past few months.

He undertook to make available as much information as possible about the corporate plan when the Government had had an opportunity to review the NEB's recommendations.

Questioned by Mr. Tom Litterick (Lab. Birmingham Selly Oak) about progress with a planning agreement, Mr. Varley admitted disappointment over the failure of worker participation to "take off."

"As far as I am concerned, I want to see not only a planning agreement but progress on industrial democracy inside BL."

Despite pressure from the Tory benches, Mr. Varley refused to be drawn into saying whether the Government would impose sanctions in the event of Ford's concluding a pay settlement in excess of the 5 per cent guideline.

He pointed out that the wage negotiations were still in progress, but quoted the statement in the July Incomes White Paper indicating that the Government would, if necessary, take account of any failure to observe the guidelines.

He admitted in replying to Mr. John Biffen (Cons., Oswestry) that he had no plans for discussing the implications of the Government's sanctions policy with the motor car industry.

Amid Opposition cheers, Sir Keith Joseph, Conservative industry spokesman, demanded: "Are there or are there not to be sanctions?"

Mr. Varley: "We had better wait and see."

There were jeers from the Tory benches when he added: "It is our hope that the negotiations will result in a settlement within the guidelines."

The Chrysler management came under attack from Mr. Alan Williams, Industry Minister of State, over conduct of the merger negotiations with Peugeot Citroen.

Mr. John Smith (right), who is replacing Mr. Edmund Dell as Trade Secretary, being welcomed to the department by Sir Leo Pliatzky, Permanent Secretary, yesterday.

'Silkin's dithering hitting fishermen'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE "DITHERING" of Mr. John Silkin, Minister of Agriculture and Fisheries, is threatening the livelihoods of mackerel fishermen off the coast of South Devon and Cornwall, Mr. Robert Hicks (C. Bodmin), claimed in the Commons.

He tried unsuccessfully to get an emergency debate on the "invasion" of the inshore area by fishermen from other parts of the UK, who, he said, were supplying Russian factory ships anchored nearby.

A large number of fishermen from Scotland have been working in the traditional West Country mackerel grounds, since Mr. Silkin announced a ban on herring fishing off the West Coast of Scotland last July.

"The situation is urgent," Mr. Hicks said. "It must not be allowed to deteriorate, nor must it be allowed to become ugly."

The economy of Cornwall was narrowly based. Entire coastal communities were being put at risk while the Minister dithered over the question of extending the inshore limit and regulating methods used by the larger vessels.

Above all, the future of the mackerel stocks is being jeopardised. This is a national consideration, not merely a West Country one."

At present, 24 vessels were using the purse-seining method of trawling off South Devon and Cornwall, and more were on the way. There were also 15 large freezer trawlers, 24 visiting klondykers and 25 factory ships.

Some of these factory vessels were capable of processing more than 100 tonnes of fish a day. There was a risk of collision between these larger vessels and some of the smaller inshore ones, and a risk of pollution from the dumping of fish at sea.

Repeated and urgent representations had been made to individual Ministers and to Mr. James Callaghan, the Prime Minister, by West Country MPs and interested organisations.

But still no decision had been announced about the need to extend the limit for handliners and small craft from three to six miles.

A quota scheme based on the length of vessels had been introduced, but the problem enforcing it still remained. More fish were now being taken from the water than were allowed under landing and trans-shipment quotas.

There was still no check by Ministry officials on Soviet and other vessels as to the amount of fish actually taken on board and processed.

Campaign to bring back nurses into NHS

BY JOHN HUNT

THE GOVERNMENT is to launch a campaign to bring back nurses who have left the service, Mr. David Ennals, Social Services Secretary, told the Commons.

The total number of nursing staff in the NHS was beginning to rise again, but the fall in the numbers starting training was very worrying, he added.

He estimated that because of the injection of an extra £40m into the NHS, announced in the Budget, 9,000 jobs would be available.

Mr. Ennals was speaking on the second reading of the Nurses, Midwives and Health Visitors Bill. This will bring under one "umbrella" all the organisations responsible for the education, training and regulation of nurses, midwives and health visitors.

Present figures showed the total number of nursing staff beginning to rise, but this had to be viewed against the increased workload caused by the larger number of patients.

Dr. Gerard Vaughan, a Conservative spokesman on health, said there was considerable anxiety on both sides of the House about the Bill. There was fear that the care of patients would suffer.

However, the Conservatives recognised that the nurses wanted the Bill.

Pay blacklist pledge

BY OUR PARLIAMENTARY STAFF

AN ASSURANCE that companies blacklisted for breaching the pay guidelines are removed from it when they conform to Government policy was given by Mr. Joel Barnett, Chief Secretary to the Treasury, in the Commons.

"Whenever companies in breach of pay policy reach acceptable settlements, discretionary action ceases and the companies concerned are informed accordingly," Mr. Barnett said in a written answer.

Mr. Denis Healey, Chancellor of the Exchequer, confirmed in a Commons written reply that he proposes to publish a Green Paper, setting out the Government's approach in advance of the debate on the European Monetary System, which will be held later this month.

LABOUR NEWS

Bread dispute talks likely

By Pauline Clark, Labour Staff

BAKERS' union leaders and employers in the nationwide bread dispute are likely to meet tomorrow for the first time since the union called its strike exactly a week ago.

Mr. Sam Maddox, general secretary of the Bakers' Food and Allied Workers' Union and his 12-strong executive committee met officials of the Advisory, Conciliation and Arbitration Service yesterday to outline their case for a 26 per cent pay rise.

Representatives of the Federation of Bakers will meet at ACAS today and it is generally expected that both sides will agree to joint talks at the Service's headquarters in London.

The talks come as a result of an ACAS initiative but they hold a special significance in the case of the union which at the start of the strike was warning that industrial action could continue until Christmas.

It also made clear at that time that there would be no further meeting with employers until a previous offer of a 5 per cent basic pay increase and a 6 per cent rise through productivity was improved.

Defiance

Since then, however, reports of strike breaking have mounted and the union suffered from weekend publicity about arrests on picket lines. Mr. Royston Maddox, 22-year-old son of the general secretary, was arrested yesterday as more than 60 demonstrators jostled with about 50 policemen on a picket line outside an Ipswich bakery.

The federation, representing Ranks Hovis McDougall and Allied Bakeries, claimed yesterday that the past three days had seen a significant increase in the number of union members returning to work in defiance of the union. About 3,000 were said to have returned to bakeries compared with about 1,500 before the weekend.

The union, however, has strongly denied that the strike is losing impetus.

Mr. Maddox also claimed yesterday that pay agreements affecting workers in four independent bakeries demonstrated the success of the action.

Employers, however, accused the union of "clutching at straws." They said since the bakeries were not part of the federation's working agreement, the pay rises of £6·68 were irrelevant to the dispute.

The Transport and General Workers' Union confirmed yesterday that its members employed by flour millers had been instructed not to deliver to bakeries involved in the dispute.

Ambulance men return to work

GLASGOW'S AMBULANCES were back on the road yesterday after a week-long absence as crews returned to normal working for a two-week trial period.

The service shut over a dispute about the use of Bedford ambulances, which crews claim are unsafe because of loose wheel-nuts. More tests are being done on the vehicles, and in the meantime men unwilling to drive them will not be forced to do so.

Two Vauxhall plants refuse to walk out

BY PHILIP BASSETT, LABOUR STAFF

VAUXHALL Motors' 3,500 skilled workers at Luton and Dunstable yesterday refused to join 900 skilled workers at the company's Ellesmere Port plant in a strike over pay differentials.

The unofficial strikers at Ellesmere Port are now isolated from the rest of the company's skilled workforce. They may find their position further undermined by the official sides of the Ellesmere Port unions giving full cooperation to company efforts to keep production going without maintenance workers.

The General Motors Combine Craft Committee, which called the strike, will meet today in Rugeley, Staffordshire, to discuss the position. The committee may be forced to consider calling the Ellesmere Port workers back after yesterday's decisions by workers at Vauxhall's southern plants.

The Luton skilled workers voted by about 3—2 not to join the strike, even though combine committee representatives recommended support.

Mr. Tony Callaghan, secretary of the combine committee, said he was "bitterly disappointed" at the result. He told the mass meeting: "You people have the strength to stop the drift of skilled men away from the firm. The company has had 13 months to give us a proper craft grade and they have not done it."

Some of the 900 skilled workers at Dunstable, including machine and bar setters and those working on special installations, took strike action yesterday in support of the Ellesmere Port workers.

A meeting of all the plant's skilled men, though, recommended their return to work by 7.30 this morning.

About 550 workers at the Kirkby, Merseyside and Southampton plants of AC Delco, the car components company which, like Vauxhall, is a General Motors' subsidiary, are striking in support of the Ellesmere Port workers, but the larger group at the AC Delco plant at Dunstable seem unlikely to come out.

Vehicle production throughout Vauxhall and in other companies could be affected by a prolonged strike by Vauxhall and AC Delco skilled workers, but the effects could be more easily contained if only the Ellesmere Port workers stay out.

The official union representation at Ellesmere Port are prepared to give their full co-operation to ensure the unofficial strike has as little effect on production as possible. Joint contingency plans are being prepared to deal with machine failure which could interfere with production.

The skilled workers at Luton and Dunstable were swayed by the argument that the company's pay offer, which has now been accepted by the 26,000 manual workers, gives them as much as Ford's 17 per cent offer, without a long strike.

The Vauxhall agreement gives top skilled day shift workers £86.20, including £2 from the first part of a productivity plan. This will be consolidated into the basic rate in two months at a rate of £2.60 to give a total £86.80. The new top weekly grade rate in the Ford offer is £85.68.

Union bid to end strike at BL Cars parts plant

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

UNION LEADERS will resume efforts today to end the strike at a BL Cars components plant which has already made more than 23,000 workers idle and halted all Austin-Morris car assembly.

Shop stewards from the Drews Lane factory, Birmingham, which supplies steering and suspension equipment, have been called to a meeting by Mr. Ken Cure, secretary of the Birmingham East district committee of the Amalgamated Union of Engineering Workers.

The committee has already instructed the men to return to work and pursue their claim through the normal procedure.

The national executive of the AUEW is expected to add its authority today to the pressure for an end to the dispute in pursuit of a pay claim of more than 30 per cent.

BL Cars has made it clear that the current "critical" financial position of the company will make impossible any award beyond the Government's 5 per cent pay guideline.

Unrest is thought to be widespread among the 3,500 workers at Drews Lane because of the hasty decision to walk out in response to the company pay package which offers the prospect, under a tested productivity deal, of wage increases of around £16 a week. Mr. Cure has asked officials from other unions at the factory to attend today's meeting. Management has also been asked to stand by.

The 5 per cent pay offer from November 1 this year is being tied to acceptance by the unions of about 7,500 voluntary redundancies to finance moves towards achievement of pay parity—the same wage for the same job—over the next 12 months.

Shop stewards at Longbridge, Birmingham, where 1,300 jobs are threatened, and Cowley, Coventry, with 500 redundancies, have already indicated opposition. The redundancy terms offered are far short of those offered to the 3,000 employees declared redundant at Speke, Liverpool, earlier this year, but the company is expected to experience little difficulty in achieving the planned jobs shake-out.

BL's crash course at Drews Lane, Page 23

BOC white-collar unions in dispute over pay date

BY NICK GARNETT, LABOUR STAFF

LAY DELEGATES representing the 1,850 white-collar staff in British Oxygen's gases division will be recommended on Thursday to reject company proposals on a move towards a common pay anniversary date.

The staff have been operating a policy of non-co-operation over the issue for the past three weeks. If the delegates accept their negotiators' recommendation, further industrial action, including one-day strikes, will be considered.

Two grades of the white-collar staff have an October anniversary date, while the three most senior grades are due to settle the following July.

The unions, which include the Transport and General, General and Municipal and the Association of Scientific, Technical and Managerial Staff, have been seeking a common October date.

Negotiations over the problem broke down last week after disagreement on how it could be implemented. The company had offered to move towards a common anniversary, linked to a job evaluation exercise and productivity scheme.

White collar staff are one of three groups in BOC's gases division which are in some form of dispute with the company.

Pay negotiations for 3,000 drivers and gas cylinder handlers resume on Thursday after rejection of last week's mass meetings of the company's "final" guideline-breaching offer of 84·9 per cent.

If BOC refuses to make any significant improvement to the offer, a recommendation of the manual workers' shop stewards will consider industrial action throughout the company.

Some gases division depots have already imposed a work-to-rule and overtime ban in protest at the pay proposals.

Senior shop steward negotiators representing the drivers have been in close contact with their opposite numbers in the company's Transtech, Surface, Edwards and other divisions, and with white-collar and supervisory groups.

This has been designed to try and ensure that the general level of settlement for the gases division manual workers is reflected in deals for the rest of BOC's 20,000-strong workforce.

A similar 8·9 per cent offer has also been rejected by union negotiators representing the gases division's industrial staff.

Civil servants may take court action over ballots

BY OUR LABOUR STAFF

BRITAIN'S biggest civil service union, the Civil and Public Services Association, could receive a court injunction this week from members determined to have individual ballots for their local branches in the union's elections.

The union's executive was overturned last month when a breach of constitution occurred during its elections last May. The ruling publicly reopened the union's deep political divisions.

Individual branches will begin voting for the 60 or more candidates standing for the 26 executive seats on November 27. The branches were instructed to hold mass meetings to decide their vote, except those which were too geographically widespread or too large.

The union last week received a letter from solicitors representing a member of its Newcastle Central branch, asking Mr. Len Lever and Mr. Ken Thomas, the union's president and general secretary, to instruct the branch to hold a ballot for the branch's vote. It said a High Court injunction would be served to force the union to do so if they refused.

The Newcastle member later withdrew the request, but another member from the same branch has taken it up.

All Newcastle members of the Association, including those from the Central branch, will hold a mass meeting on the issue on Friday

Women 'losing ground' in battle for equal pay

PROGRESS TOWARDS equal pay for women is not just at a standstill, but is regressing, Lady Howe, deputy chairman of the Equal Opportunities Commission, said yesterday.

"Women's gross hourly earnings rose from 63.1 per cent of men's in 1970 to 75.1 per cent in 1976. But, they rose by only 0.4 per cent in 1977 and have dropped to 73.9 per cent in 1978," she said in Manchester.

One reason for this, she said, could be that pay awards to nurses and Post Office telephonists were too late to be included in this year's figures.

"It could be that the incomes policy limiting pay rises to a percentage figure stops women who do not have male colleagues with whom to compare their pay, from using the Equal Pay Act to get a more equitable income.

"Or is it that incomes policies have been used by employers as an excuse for not rationalising their payrolls and giving women the opportunities to get the higher-paid and traditionally male jobs?"

Any further progress perhaps would come only from the implementation of the Sex Discrimination Act, she said.

Craft training plans opposed

By Michael Dixon,

PLANS by the Government and the engineering industry to let 14-year-olds start craft training while at school received a blow yesterday from the 70,000-member National Association of Teachers in Further and Higher Education.

The union, which is the biggest representing technical college teachers, was totally opposed to the scheme said Mr. Jack Mansell, vice-chairman of its education committee.

Times journalists wary on reforms

BY ALAN PIKE, LABOUR CORRESPONDENT

THE TIMES' National Union of Journalists chapel (office branch) yesterday instructed all its members not to sign management proposals for industrial relations reforms while these were the subject of negotiation with the company.

At a two-hour meeting the chapel also decided that no member should sign or agree to any document which introduced into his terms and conditions of employment any matters covered by collective negotiation through the union.

Times Newspapers has warned that it will suspend publication of The Times, the Sunday Times and the three Times supplements from the end of this month unless it obtains agreement from the unions on means of improving efficiency.

The company has lost production of almost 12m copies of its publications this year.

Yesterday's NUJ meeting, which covered 290 journalists on The Times and the supplements, but not the Sunday Times, declared that the timescale for the company's efforts to achieve the industrial relations reforms was "unreasonable," but indicated the journalists' willingness to meet the management and discuss the proposals.

General secretaries of TUC printing industry unions met yesterday to review Times Newspapers' position.

Last Friday, the management met national leaders of the National Graphical Association for the first time since July to discuss proposals for the introduction of new technology in composing rooms.

Those will be considered by the NGA national council on Thursday, with leaders of the union meeting the company again the following day.

BBC technicians may force early TV closure

BY PAULINE CLARK, LABOUR STAFF

TALKS between BBC television management and technicians last night failed to avert industrial action which threatened to disrupt late programmes from midnight.

The technicians have imposed an overtime ban in protest at poor conditions of work and low pay compared with rates in independent television companies, which they claim have caused serious staff shortages.

If they carry out their decision not to work after midnight it would force BBC television to close at about 11.30 pm.

The overtime ban, which is among a list of nine "sanctions" to be taken, is said to be the culmination of a build-up of frustration since September when similar action was taken over the same issue. Talks with management are to continue today.

The 400 technicians, about 100 of whom work three shifts in any one day, are among the monthly-paid BBC employees who are asking for increased pay generally to narrow the gap between themselves and like workers in independent companies.

The technicians come within the engineering technical operators category, covering camera, sound and vision work at BBC's television centre.

Their pay is said to be some 20 per cent lower than outside. The pay range extends roughly from £3,750 a year to £7,500 at top level.

The technicians are members of the Association of Broadcasting Staff, which represents about half the BBC's 26,000 employees and has submitted a claim for special treatment under the Government's Phase Four pay policy.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Spin-off from space work in France

FLYWHEEL development has taken a new turn with work carried out in France by Société Aérospatiale which aims at making very high r.p.m. but lightweight units into "maids of all work" which can be used as prime movers or as supplementary power sources in many applications.

The idea of using flywheels to store kinetic energy is not new, but in this instance, the carbon fibre-reinforced wheels are spun up to 100,000 r.p.m. by small electric motors. As the wheels would be placed in an evacuated enclosure and are supported virtually friction-free on magnetic bearings, they can conserve their momentum over very long periods.

To tap the stored energy, the wheel is reconnected to the motor which initially runs it up to speed, but in this case the motor acts as a generator to produce a current.

Efficiencies in the region of 90 per cent are claimed—losses being attributed almost entirely to the operation of the motor in both modes of working.

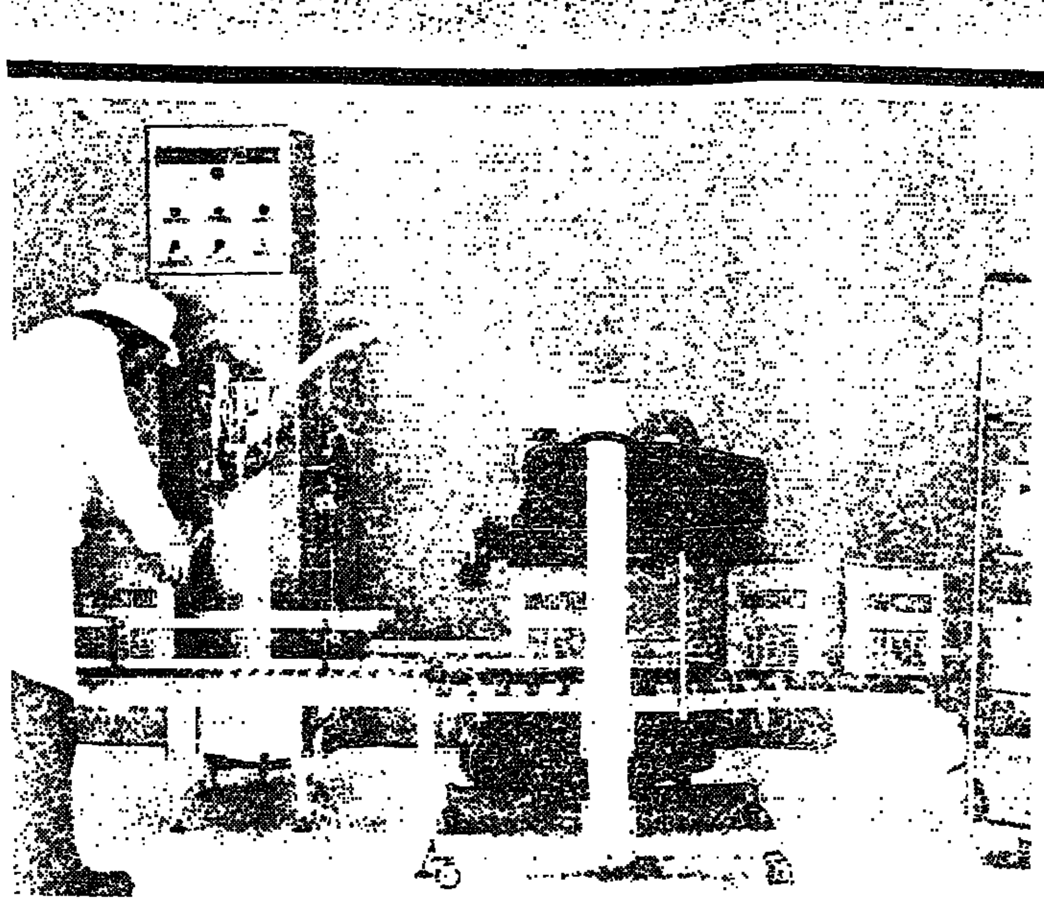
Developers—who drew on satellite technology—believe that the compactness of the unit and its ease of application will open up many areas of use. It could be applied to power smoothing where this is essential to operate instruments, computers, etc., and also in areas where the primary supply fluctuates violently.

It is also suggested as a storage medium for power derived from solar panels or wind systems as well as for domestic equipment of various types.

Where grid power is low, wheels such as these could be used to supplement the grid when it is desired to operate units that require large amounts of power for brief intervals—machine tools are a case in point. Much more fanciful is the addition of such units to the equipment of a car so that energy obtained when travelling down hill or braking can be stored and used for hill-climbing.

At the moment, development work is centred in the construction of a wheel able to store 100 kWh.

Ste Aerospatiale, 37 Boulevard Montmorency, 75781 Paris Cedex 16 France.



Bowater Consumer Packaging has introduced this fully automatic filling machine for Pergall bag-in-box packs. Up to 600 gallons per hour can be handled. Pergall bag-in-box packs which consist of a plastic laminated film bag in a corrugated box, are used for a wide variety of liquid and semi-liquid products and different types of liner construction are used to provide barrier properties enabling extended storage of products that are sensitive to oxygen and other gases. The filling machine carries out automatic de-capping and re-capping of the packs during the filling operation. For maximum productivity it is used in conjunction with an automatic top and bottom case sealer.

● MAINTENANCE

Gets into the dirty corners

THE COST of removing dirt and dust, ever present in factories and streets, has become a heavy financial burden to companies and local authorities. Dust control, too, when operating inside factories or crowded city areas, adds further stress to cleaning budgets.

Said to overcome many of the problems inherent in conventional mechanical sweepers, and offering to drastically cut cleaning costs to industrial and council users, is a ride-on section sweeper called the Precinct, produced and developed by Melford Engineering, Sutton, Ely, Cambs. CB6 2RL (Ely 778751).

This uses the vacuum system (most sweepers of this size are usually the brush pick-up type) which is said to give a better standard of cleanliness on uneven surfaces, and a high degree of manoeuvrability which enables the operator to sweep right into a 90 degree internal corner where much of the debris collects.

With regard to dust control, conventional filtration systems have proved not only to be expensive but unusable in wet weather. The company has, therefore, developed and patented a water recirculation system which is incorporated in the sweeper. This is said to cost virtually nothing to run, effectively controls carbon black dust at 0.05 microns diameter for instance, and is able to be operated in the wet.

Less water used

SAID TO be especially suitable in situations where it is necessary to conserve water and/or keep the amount of effluent produced at low levels, is a tank cleaning device from Purex Engineering Services of Maidenhead, Berks. (0628 23411).

This is a low-volume version of the company's 215S "Tiger" rotating head for cleaning tanks, spray-driers, road and rail tankers, etc., up to 66 feet diameter or length.

The unit can also be used as a medium volume head, using up to 2,000 gallons per hour of cleaning fluid.

As it is made entirely of Grade 316 stainless steel and special PTFE (polytetrafluoroethene), it is particularly suitable for use where contamination cannot be tolerated, such as in dairies, breweries, and in foodstuffs, pharmaceutical and chemical manufacturers.

● SERVICES

Computer centre

WITH AN eye rather more on the commercial computing market than its traditional OEM and industrial customers, Digital Equipment Company has opened a computer centre in Tottenham Court Road in London.

It emphasises however that there is no intention of moving into the bureaux business and that the centre is not for that purpose. The computers installed there will primarily be used for demonstrations and benchmarking.

But they will also be made available to customers so that, before delivery of their own hardware they will be able to familiarise themselves with system operations, develop new applications and convert existing programs and data bases. After delivery customers will be able to use the facilities in conjunction with their own hardware to speed up the development of new applications or take advantage of the centre's large choice of peripheral equipment and software for "one-off" jobs testing.

The machines, a 2020 and a 579, to be joined later by a PDP11/34 and a VAX 11/780, will also be available as back up resources.

The centre is at 279 Tottenham Court Road, London W1 (01-637 5200).

Calculates the fees

HIGHLY qualified, and paid, professional staff operating in a complex business environment need a sophisticated method of planning, measuring and control. But so far accountants have been relatively slow to make use of data processing for their own purposes though prompt to recommend their application by clients.

TRAMS designates a new time recording system developed by accountants for professionals in practice and running on the Honeywell Mark III time-sharing network.

This facility, used over a simple terminal prompts the user in whatever job is being done—clients' statements and reports—client/staff data entry, working out fees, preparing and printing so that it is not necessary to have specialist staff.

The development work was done by Software Solutions, a newly formed software house operating from 57 Long Lane London EC1. 01-606 3374.

● MATERIALS

Resistant to fire

MEETING increasingly stringent European fire regulations which decree improved fire resistance for self-adhesive tapes used to seal ducting is one called ArNoflame C 51a from Arno Adhesive Tapes, Shore Road, Hythe, Southampton, Hants SO4 6YT. (080 354 3156).

This flame retardant tape is said to offer similar performance characteristics to the company's existing range, combined with fire resistance and self-extinguishing flame performance.

It has an aluminium coloured vinyl-coated cloth backing combined with a .014 inch thick synthetic rubber based adhesive.

● TEXTILES

Yarn strengths increased

OVER RECENT years a number of new ways of spinning textile yarns have been introduced, most of these of the open-end type and largely directed towards cotton-type yarns. Now another system has been developed in the U.S. by Leesona Corporation (Warwick, R.I. 02887, U.S.)

Called "Coverspun" it is intended for spinning high quality worsted type yarns of longer staple than with conventional cotton frames. The concept is very simple. A roving of sliver is fed through a standard three roller drafting system where it is reduced in thickness. When the sliver emerges from the front rollers it is immediately entered into the centre of a hollow spindle through which it passes.

On the hollow spindle is mounted a spool of very fine monofilament synthetic yarn which rotates with the spindle. As it rotates so the filament is wrapped around the attenuated sliver and this gives it cohesion and strength. Emerging from the base of the hollow spindle the wrapped sliver is now a Coverspun yarn and this is collected on a 4 lbs cheese package.

The final package is appreciably bigger than can be produced on classical ring-spinning machines and it is claimed that in production, the number of end breaks compared with ring spinning is about 20 per cent less. Labour content per pound is also some 20-25 per cent less and as far as energy is concerned the Americans report savings of between 20 and 30 per cent compared with earlier systems.

In terms of cost of production savings of between 7½p and 10p per pound, are being claimed, while yarn strengths are increased by as much as 100 per cent and it is also possible to spin with coarser wools than on ring spinning machines.

Fabric drying equipment

TEXTILE drying equipment of a new design has been developed by Bates Textile Machine Company (Old Mill Lane, Leicester. Tel. 0533 29061).

In operation it will consume some 2,000 lbs/hour of steam at 100 p.s.i. and can be warmed up in as little as 25 minutes at which time it will be ready to receive fabric which it will dry in an atmosphere at 120 degrees.

This new unit can handle either one or two pieces of tubular knitted fabric at a time.

The operating speed will depend on the character of the fabric being dried, the fibre content and the amount of moisture in it. With the new machine it is also possible to use it for drying a single piece of opened knitted fabric, so that within a dyehouse it can be used for a very diversified type of production.

Special attention has been given to tension control and when handling, say, knitted stripes there is provision to guide the cloth into the machine and dry it with the stripe fully aligned so that any distortion is avoided. With precise tension control it is possible even to feed fabric through with an overfeed so that any bulking that is to take place in drying can occur without trouble and to the maximum.

Stops edges from curling

GUIDING textile fabrics in various processes can often be something of a problem. When a knitted cloth, for example, is put under tension it will tend to curl at the edges. This can make control difficult. A number of different techniques are used to overcome this and often a selvedge uncurler will be used. This is normally a pair of spirally fluted rubber rollers that revolve and draw out the curl in the fabric which is then fed to a chain carrying either pins or clips which retain the cloth in a fully opened condition.

Another approach has been evolved in the United States: the Tandematic selvedge decurler, built by Tandematic Inc. (Route 1, Box 501, Cannons Camp Ground Road, Spartanburg, S.C. 29302). It is completely free of moving parts. The obvious advantage of the new decurler is that it is virtually maintenance-free.

The principle is extremely simple. A pair of plates are mounted above and below the cloth and on these plates are positioned a series of vertical bars that press into the fabric and intermesh with each other, those from above pressing between the spaces of those coming from below. In this way the fabric is firmly held and as it is pulled through the spring-loaded plates so there is a tendency for the material to spread open and any curling is at once removed.

Tandematic decurlers are being widely used in the United States where they are being mounted on machines such as stenters, laminating machines, shearing machines, screen printing machines and it is noteworthy that with the curler spreader it is also possible to link it in with weft straightening equipment where gentle yet very positive control is required.

● METALWORKING

Stirring to improve molten steel

INDUCTION STIRRING has been applied successfully for the first time to continuous casting in a development programme between ASEA, who developed the technique initially for the improvement of steel quality in arc furnace and ladle furnace operations, and Hamburger Stahlwerke GmbH.

The continuous caster involved is for billet production and the stirrer, installed last year, has performed with excellent results.

Continuous casting is now widely used in many countries and more plants are being installed despite the problems of the industry.

Offering considerable advantages over traditional casting methods, it also has certain inherent quality problems, especially where high-grade steels are concerned.

Induction stirring is a solution for many of these problems and makes continuous casting a more attractive proposition still.

When the continuous strand of liquid steel emerges from the mould or former, it already has a skin or shell around it between one and three centimetres thick while the core is still in the liquid phase. But the stirrer generates an electromagnetic field, which produces movement in the liquid core. This means that as the strand solidifies, the liquid steel remaining is moved around vigorously by the field.

ASEA's design operates at mains frequency and can easily be installed in the billet caster to one side of the strand, or on both sides.

The effect of the stirring is the production of a much better grain structure in the steel and a considerable reduction in gross non-metallic inclusions and [illegible] are evenly distributed and [illegible] segregation [illegible]. Casting temperatures are not critical and [illegible] cast [illegible] speeds are often possible.

The company has disclosed that in addition to the work it has been carrying out on [illegible] stirring for billet casters, it is also developing [illegible] stirrers for bloom and slab casters.

Details from ASEA (G.B.), Villiers House, Strand, London WC2N 5JU. 01-930 5411.

The Management Page

EDITED BY CHRISTOPHER LORENZ

Medici and the Arabs: support for a flagging Italian giant

BY PAUL BETTS

AT first meeting, Giuseppe Medici seems a most unlikely choice to head Montedison—Italy's most controversial corporation which in recent years has earned itself the dubious reputation of making and unmaking presidents.

Indeed, when the 71-year-old former Christian Democrat senator was nominated some 15 months ago as chairman of the Milan chemical and textiles conglomerate, his surprise appointment was met with a good deal of cynicism. As a former agriculture and industry minister, as well as an ex-foreign secretary, he is perhaps best known to Italians in general for his sartorial elegance, his Panama hat and his walking stick.

Mr. Medici's appointment was interpreted as a compromise in the face of the seemingly unbreakable deadlock between the financially troubled group's private and public shareholders and the disagreement between political party leaders over who should succeed the retiring and highly controversial chairman of Montedison, Dr. Eugenio Cefis. But perhaps more than a compromise, it reflected the decision of the main political forces to wash their hands, for the time being at least, of the entire and increasingly explosive problems of the financially troubled group.

In his brief period as chairman, Sig. Medici, who, on the whole, has sought to keep himself out of the headlines, has tried to defuse the Montedison affair. He has partially succeeded in large measure as a result of the apparent indifference shown towards the company of the political forces. In turn this has enabled the group to put together at last a financial and structural reorganisation programme to pull Montedison, with more than L3,000bn of accumulated debts and losses last year close on L500bn, out of the doldrums.

The financial part of the programme involves a capital increase operation unprecedented in Italian corporate history. The parent company's capital is to be raised by a four for three rights issue (with the nominal value of the new shares of L175 each) from L152.5bn to L355.7bn and subsequently to some L530bn through a L175bn bond issue. At the same time, Montedison is to sell some of its fixed assets in its profitable financial and insurance sector, its hydro-electrical plants and perhaps its stake in a Spanish subsidiary to raise additional funds. Also it will revalue the book value of other assets, including its natural gas fields in the Adriatic, to cover its continuing substantial operating losses. As regards the structural reorganisation this will mainly affect the group's heavy loss-making synthetic fibres activities which are to be incorporated and rationalised in a separate new concern called Snlafibre.

While there have so far been few signs of the rights issue being subscribed by Montedison's army of small private shareholders, who account for some 25 per cent of the company's base capital with the remaining 75 per cent controlled by large private and public shareholders, a combination of factors is expected to guarantee the operation.

In the face of the expected reluctance of small shareholders to invest again in a company which has seen its share price drop dramatically from L1,000 to a present level averaging L180 and which has not paid a dividend since 1974, Mediobanca, the State-controlled medium-term credit institute, is offering a series of conditions to persuade these small shareholders eventually to pump fresh savings into the group. A minimal deposit of some L40 will allow these shareholders to retain their rights to subscribe for as long as two years. In the meantime, Mediobanca and a group of leading Italian banks heavily exposed in Montedison, will guarantee the issue in order to avoid the prospect of heavy debt write-offs in the event of the company's financial collapse. Not that the political forces could allow such a collapse in view of the social repercussions this would entail.

With the exception of Bastogi, the Rome-based financial company, Montedison's other large shareholders are expected to take up their share of the capital increase.

The most significant aspect of the operation is the decision of the Paris-based Banque Arabe Internationale et d'Investissement to buy on behalf of so far unknown private Saudi Arabian interests, a 10 per cent equity stake in Montedison, so becoming one of the company's single largest shareholders. This has clearly given the chemical conglomerate much needed credibility — and eventually much needed credit — both on the domestic and international markets. The deal, which is understood to have been worked out by Montedison's deputy chairman, Mario Schimberni, and the Mediobanca managing director, Enrico Cuccia (who, incidentally, played a major part in the celebrated £250m deal between Fiat and Libya), also includes the setting up of a trading company jointly controlled by Montedison and the Saudi financial interests.

MONTEDISON

(bn lire)

	1972	1973	1974	1975	1976	1977
Sales	2,100	2,590	4,029	3,535	4,815	5,472
Profit (Loss)	(455)	33	123	(163)	(172)	(465)
Indebtedness	1,858	1,824	2,133	2,775	3,162	3,430

SALES REVENUE

(bn lire)

	1976	1977
Base petrochemicals	1,279	1,442
Plastics	929	1,003
Agrochemicals	386	478
Industrial chemicals	400	577
Pharmaceutical	355	426
Fibres and textiles	656	607
Retailing	740	840
Electronics	50	82
Electrical engineering	74	71
Paint, glass and other manufacturing activities	169	223
Utilities	119	146
Foreign trading co's	342	432
Miscellaneous	108	184
Intergroup sales	(992)	(1,045)
Consolidated total	4,815	5,472

Giuseppe Medici — trying to defuse the Montedison affair.

Indeed, most analysts here suggest that it is this part of the venture which most attracted the Saudi Arabians, although for a relative modest L50bn they have also bought a major voice in the world's seventh largest chemical conglomerate with an established presence in a series of important international markets. About 40 per cent of Montedison's current annual turnover of some L5,000bn is made up of exports.

Equally significant are reports that West German interests have also been buying Montedison shares in recent weeks. This is partly interpreted as straightforward speculation on the part of foreign buyers who can pick up shares on the Italian Bourse at depressed levels with the possibility of a longer term recovery. However, for some time there has been increasing evidence of concern by other international chemical operators, which clearly view the steady deterioration of Montedison's financial and structural position as inevitably leading to greater public control of the company, thus threatening the international market.

The immediate result of the new Saudi shareholders and the intervention of other foreign buyers will be to reinforce the private character of the group and, at the end of the year, a new controlling shareholding syndicate will be chosen on which the Saudi interests will be represented. In theory at least, however, Montedison's syndicate will retain its 50/50 mixed private-public nature. The Saudis are also expected to have representatives on the company board and their presence is likely to dictate to some extent the future management structure of the group.

It is perhaps no coincidence that a banker from Kuwait, whose bank also holds a stake in the Banque Arabe Internationale et d'Investissement, recently remarked that the main trouble with Montedison has been its management and that an improvement in this area could induce other possible foreign investors to consider turning to the chemical group.

This is perhaps one of the most serious aspects of the steady deterioration in recent years not only of Montedison but also the country's entire parastatal industrial system, one of the backbones of the Italian economy and which has also served as a model for Britain's National Enterprise Board. But Montedison, since it was set up 13 years ago after the merger of two old-established Italian companies, Montecatini and Edison, has traditionally been at the forefront of public attention. From the beginning, the company was the fruit of the industrial strategy of the long-ruling Christian Democrat party, which wanted, at a time of increasing Communist electoral gains, to consolidate its power in the state industries and the country's banking system, while in theory Montedison was regarded as a private company, in practice it effectively belonged to the public sector.

Under Dr. Cefis's management, Montedison increasingly became identified with the power struggles not only between the various political parties but between conflicting factions within the ruling Christian Democrats. At the same time, like the other parastatal groups it launched an ambitious and generally uncoordinated programme of investments, partly under pressure from the political forces, to invest in the depressed South.

Coupled with mounting financial losses and accumulated debts, the parastatal groups have increasingly faced internal management revolts as a consequence of the secretive and elitist style of top state managers, who effectively controlled all major decision making and who furthermore became so closely identified with a particular faction of a political party (usually the Christian Democrats) that they generally became known as "so and so's man." This led to a general pollution of a system originally based on the concept of blending the entrepreneurial qualities of private enterprise with the social needs of nationalised industry. In the short-term, there is unlikely to be a sudden improvement since the system so far has virtually castrated any chance of gradual renewal from within management ranks of State or semi-State corporations.

Yet certain changes have occurred, although to a great extent these are the result of the country's political evolution over the last few years. The balance of power has now altered and the Communists to all intents are a party of government. The Christian Democrats are striving to lose their old corrupt image. In the aftermath of the energy crisis and the recession, the financial problems of many groups particularly in the chemicals, textile and steel sectors, have reached breaking point.

Against this background, it has no longer been possible for the Christian Democrat party to maintain its overwhelming hold on the state sector, nor has the party wanted to be too closely identified in public at least with groups like Montedison. The recent share-out of the chairs of a number of major commercial and savings banks and special credit institutes is a case in point with the Socialists, the Communists, the Republicans all getting their slice of the cake. These days, the political parties are turning their attention to the nomination of crucial appointments at the top of Italy's main state holding companies.

While the Christian Democrats are likely to retain control of the giant holding Institute per la Ricostruzione Industriale (IRI), the chairmanship of the state hydrocarbon agency, Ente Nazionale Idrocarburi (ENI), is expected to go to a Socialist, Giorgio Mazzanti, who is also chairman of the holding company which groups together all the state's interests in Montedison.

In this sense, the decision to bring Mr. Medici, an agricultural specialist, out of academic life to head Montedison appears to have been fortuitous, although it was perhaps more the fruit of a desperate compromise to close the politically explosive saga of the so-called last days of Dr. Cefis.

From the beginning his appointment appeared a make-shift solution to enable the political forces to buy time on the controversial Montedison affair. However, if to some his chairmanship still seems a temporary compromise, it is likely to be a lasting one. None of the political forces seem to want at this particular stage to reopen the whole Byzantine problems of the Montedison chairmanship.

Left alone, with a restricted group of collaborators, Mr. Medici has worked, within the limited margin of manoeuvre he possesses, to reinforce the private character of the group. He is politically independent and an accomplished diplomat and to some extent has succeeded in bringing some calm to the troubled group. The apparent consensus among the political forces, including the Communists, to stop the increasing inroads of the public sector into the country's industrial structure and the willingness of the banking system to intervene in support of companies in dire financial difficulties, have certainly played a major part in helping Montedison put together a financial rescue package.

The big question is whether the same consensus will arise among the political forces and the trade unions to enable the type of major structural overhaul in key sectors like the chemical and fibres industry without which any number of ingenious financial balancing acts represent only a temporary lifeline to groups like Montedison. In this respect, there has so far been little evidence of anything more than words.

Cash-based profit-sharing will stay the most popular

FEW MAJOR employers are likely to adopt the employee share ownership type of profit sharing promoted by the Government through this year's Finance Act.

This is the main conclusion reached in a study of employee financial participation just completed by the British Institute of Management.

"It is unlikely that deferred share-based profit-sharing schemes approved under the 1978 Finance Act will become very common," says the BIM. "Cash-based profit sharing will continue to be the most popular scheme, whilst executive share-option incentive schemes appear to be dying out.

"Political support for employee financial participation has increased, but unions remain hostile or indifferent. Financial participation will continue to be more common in the U.S. and in some northern European countries."

This report has been prepared at a significant time. For some months companies have been considering whether to design employee share-holding schemes to gain the tax advantages which were put into the Finance Act as a result of the Liberal Party's political pact with the Government.

The Inland Revenue has a special unit dealing with applications from companies wanting to have their schemes approved for this tax relief. But the BIM report casts doubt on whether the Liberal Party's initiative is likely to have a very widespread impact on industry.

The BIM acknowledges that some companies will introduce schemes but points out that the proposals are outside the scope of nationalised and other publicly owned concerns and of unquoted companies such as private businesses. Subsidiaries of large companies are also excluded if they do not have separate quotations, unless their parent company implements a scheme. "This may not be an attractive idea to foreign multinationals which would have to issue the shares of the parent company in whichever country this may be based," says the BIM.

In addition, the BIM has found that some companies consider such schemes to be too complicated to administer while others felt that employees already received sufficient benefits and remuneration.

"Some individuals are also opposed to financial participation on the grounds that it confuses the distinction between capital and labour, thereby threatening our present economic system. Changes in the tax system will make no difference to these individuals."

A survey conducted by the BIM of 622 companies showed that 246 (40 per cent) have some form of profit-sharing scheme in operation while 54 per cent have never introduced a scheme. The remaining 6 per cent have introduced such arrangements but have now abandoned them.

The main type of profit sharing in operation is a cash distribution scheme which has been adopted by 71 per cent of the 246 companies.

Most of the companies operating cash handouts pay a bonus out of pre-tax profits based on a fixed percentage, or on a sliding scale, or on the discretion of management. Some companies require a threshold profit figure to be reached before there are any handouts and the size of the bonus is usually proportionate to an employee's salary or length of service.

Only a minority of companies consult and communicate with their employees on the introduction of a scheme, and then only to inform them that a decision has been taken. Shareholders however are normally consulted before a scheme is introduced and expert advice is also taken.

Employee Financial Participation. By Peter A. Reilly. Management Survey Report No. 41. BIM Foundation, Management House, Parker Street, WC2. Price £20.

John Elliott

Personnel management

TWO NEW BOOKS—and one re-issue—from the Institute of Personnel Management's publishing stable. Politics and Personnel Management and Outline History, 1960-76 (£5), by Winifred Marks, charts the the rise of personnel management over the past 16 years.

Personnel Management, 1913-1963 (£5), by Mary Niven, first published in 1967, has been re-issued as a companion volume to Marks' book.

Influencing Organisational Change—the role of the Personnel Specialist, by Charles Margerison, is a guide for personnel managers and training specialists in developing skills to become effective in management and organisation development.

The books are available from the Institute of Personnel Management, at Central House, Upper Woburn Place, London WC1H 0HX.

Mettoy

ON OCTOBER 23 it was inadvertently stated that Mettoy Company, the toys group, is a subsidiary of Dobson Park Industries. Mettoy is an independent, publicly quoted company and has only trading connections with Dobson Park.

What, you may ask on first experiencing a ride in the Citroën CX, have the manufacturers of other cars been doing for the past 20 years?

It would appear they have merely played around with modifications to old engineering principles while Citroën have introduced a whole series of dramatic innovations leading to very definite improvements in the all-important areas of comfort and safety.

Take, for example, the unique self-levelling hydropneumatic suspension.

No amount of money can purchase a more comfortable suspension than this. It absorbs all unexpected road shocks so that no matter how rough the surface may be, the ride in the CX will be perfectly smooth at all times.

Nor will heavy loads affect its performance in any way. The suspension automatically adjusts so that the car body is always travelling at a constant height from the road surface.

VariPower steering is also uniquely Citroën.

For parking and at low speeds the steering is finger light and power-returns to a straight line position immediately the steering wheel is released, without requiring any additional effort.

With increasing speed the VariPower steering grows progressively firmer, increasing road 'feel' for safer driving.

VariPower steering also prevents wheels being deflected by loose stones or uneven surfaces. Even when driving on a motorway in strong cross winds deviation from a straight line is negligible.

In the case of a tyre blowout at, say, 70mph, the combination of Citroën's hydropneumatic suspension and VariPower steering would maintain directional stability which would keep the car safely under control. Even when braking.

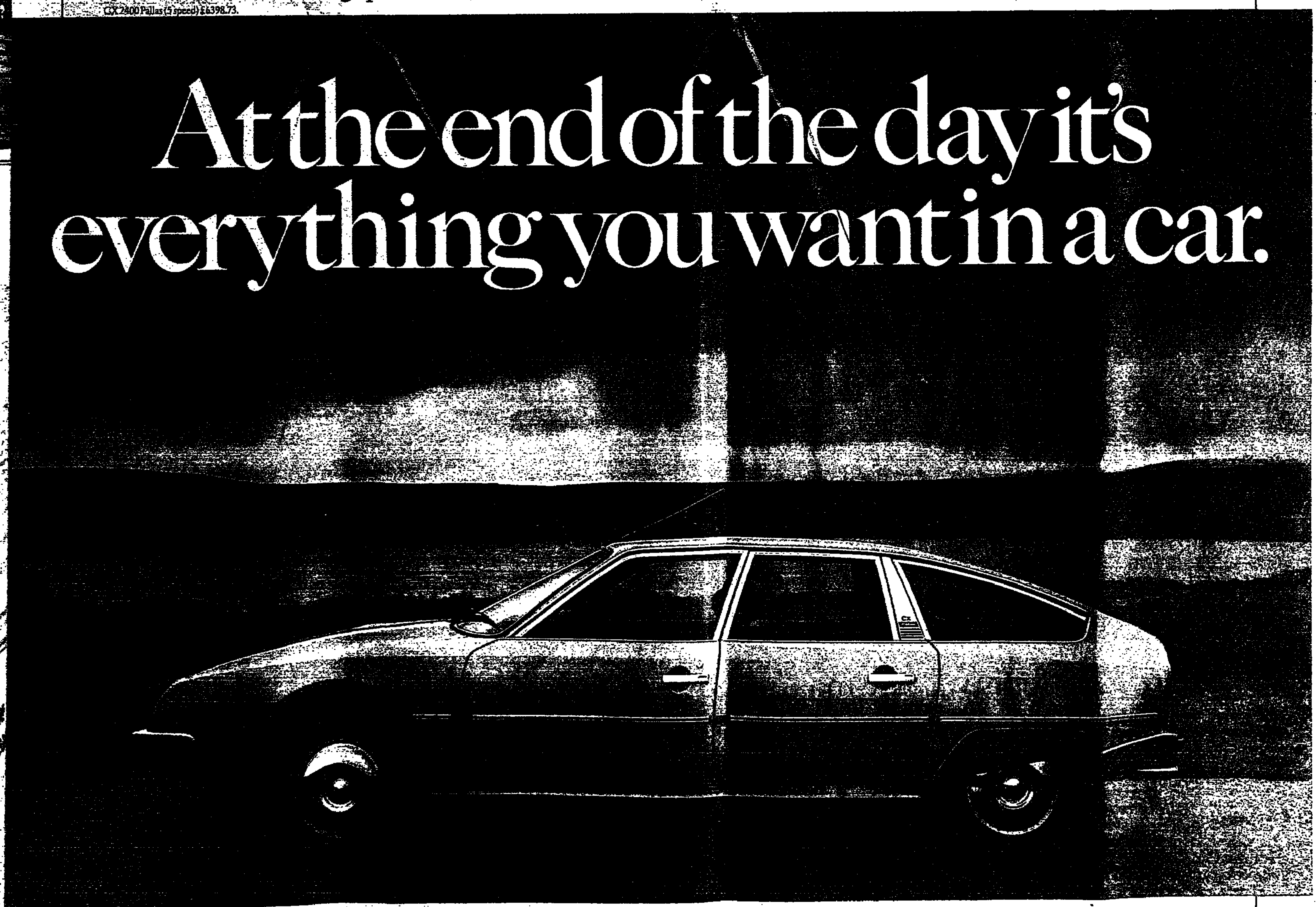
A selection of the 16 models in the CX range

MODEL	BHP	TOP SPEED	PRICE
CX 2000	102	109mph	£4966.65
CX 2000 Super	102	109mph	£5199.48
CX 2400 Super (5 speed)	115	112mph	£5813.73
CX 2500 Diesel Super (5 speed)	75	97mph	£6040.71
CX 2400 Pallas (5 speed)	115	112mph	£6398.73
CX 2400 Pallas (C-matic)	115	111mph	£6582.42
CX 2400 Pallas Injection (C-matic)	128	112mph	£6997.77
CX 2400 GTi Injection (5 speed)	128	118mph	£6979.05
CX 2400 Safari Estate	115	109mph	£5971.68
CX 2500 Diesel Safari Estate	75	90mph	£6315.66
CX 2400 Familiale	115	109mph	£6081.66
CX Prestige Injection (C-matic)	128	112mph	£9254.70

There are 16 models in the CX range. All offer the advanced engineering and design that combine to make the CX one of the safest, most comfortable cars you can buy.

And at the end of the day what more could you ask from a car than those very things? **CITROËN CX.**

CX 2400 Pallas (5 speed) £6398.73.



ALL CX MODELS HAVE RECOMMENDED 10,000 MILES SERVICE INTERVALS. 1 YEAR UNLIMITED MILEAGE GUARANTEE. SUSPENSION GUARANTEED FOR 2 YEARS (MAX. 65,000 MILES). PRICES INCLUDE CAR TAX AND VAT. NUMBER PLATES EXTRA. DELIVERY CHARGE £60.04 (inc. VAT). PRICES CORRECT AT TIME OF GOING TO PRESS. ENQUIRE ABOUT OUR PERSONAL EXPORT, H.M. FORCES AND DIPLOMATIC SCHEMES AND PREFERENTIAL FINANCE SCHEME. CHECK YELLOW PAGES FOR NAME AND ADDRESS OF NEAREST DEALER. CITROËN CARS LTD., MILL STREET, SLOUGH SL2 5DE. TEL: SLOUGH 23808.

CITROËN CX

LOMBARD

A threat to the LDCs

BY DAVID HOUSEGO

A DELUSION that has gained surprisingly wide currency is that though the OECD nations may be bogged down in slow rates of growth, developing nations will continue to move ahead at a fast clip. It is a delusion because much of the success of developing nations in notching up higher growth rates since the 1973 oil crisis has been based on their fast expansion of manufactured exports. This manoeuvre becomes increasingly difficult with a prolonged slowdown in the west and more vociferous protectionist lobbies.

Strategy

The optimistic view of a continuing fast jog among the high fliers of the third world has been most consistently put forward by the World Bank which also has as a centre piece of its development strategy that ambitiously growing nations must base their expansion on export-based industries.

The Bank has toned down some of its optimism in its recent review of World development prospects because of the protectionist noises in the west. But it still presents a fairly rosy picture—of comfort to international bankers who since 1973 have lent developing nations the money that has enabled them to maintain fast growth rates. It is also of comfort to manufacturers of capital equipment in the industrialised countries who have found markets in developing nations—and now possibly in China—to offset their depressed sales in the West.

One of the few commercial banking institutions to dissent from this chorus of reassurance has been Amex Bank. In a recent issue of its Bank Review it noted that borrowing by non-oil less developing countries (LDCs) on the Euromarkets was likely to more than double this year to $35bn from $14bn in 1977. It went on: "Despite individual countries, both lower and middle income, facing severe debt problems, the overall picture is one of flooding confidence. Such confidence is in stark contrast to a general world economic picture of massive uncertainty, revolving round dollar capital flows and rising interest rates. It is hard to justify and unlikely to last." Amex has a good point.

The article in the review took the six non-oil LDCs whose outstanding debts of $62bn as of the end of last year account for nearly three-quarters of the Euromarket borrowing—Argentina, Brazil, Korea, Mexico, Peru and the Philippines. They are a disparate lot and in the last resort any assessment of the LDC debt position can only be on a case by case basis. But together payment on principle and interest of the six on their existing Euromarket debt will rise on the present amortization schedule from $2bn last year to $4.5bn in 1979 ($4.1bn on the 1976 amortisation schedule), to $6.2bn in 1981 ($2.3bn on the 1976 schedule) and $7.4bn in 1982 ($2bn).

In assessing their ability to meet these obligations and finance new requirements Amex projects that their export earnings will grow by 17-18 per cent in value terms in 1979 and 1980 (assuming 10 per cent inflation). In spite of this they are still likely to require about $3.5bn in gross Euroborrowings over the next two years for debt refinancing alone to spread out the bunchings of repayments.

Amex sees market conditions for borrowers as becoming less favourable in 1979. Banks' willingness to lend to LDCs would depend on the individual relations with particular LDCs. But most crucial to the financial position of the six would be the pace of growth of industrial economies and the impact on LDC export growth.

In practice export performance by the six LDCs has turned out in the first six months of this year far less favourably than allowed for in the Amex calculations. Korea's export earnings were up 21 per cent over the same period in 1977 in value terms, but Brazil's actually dropped, the Philippines' remained flat and Peru continues with its problems.

Aggressive

Export prospects may look up in 1979-80 (though the signals still show amber). Korea and Hong Kong have demonstrated that with aggressive marketing and rapid switches in production it is possible to dodge protectionist barriers in the West or Japan.

But the first six months figures do suggest that either the LDCs (and these six in particular) are going to have to switch their investments into projects that will earn them fast returns in foreign exchange receipts—thus exacerbating the risk of further clashes with industrialised countries worried about the vulnerability of their own manufacturing sectors. Or else there will have to be far more serious consideration of ways of providing long term finance through official or commercial channels to help carry LDCs over the potentially difficult years ahead in ways that will benefit both them and the depressed capital goods industries of the west.

The hazards of doing it yourself

FILM AND VIDEO

BY JOHN CHITTOCK

THE FORTHCOMING Video Trade exhibition, which opens later this month at London's Heathrow Hotel, is one of many signs that video is becoming a boom industry—especially in educational and industrial applications. Not only is the much-publicised videocassette on show, but so too are cameras, editing equipment and a range of ancillary gear—often of considerable technical sophistication. Most of it comes from Japan, where the total output has increased tenfold in the period 1974-78.

A question that no one seems to ask is "why video?" The 16mm. film has been around as an industrial tool for over 40 years, but business interest in that medium has never reached the proportions that would excite investors and entrepreneurs. The reasons for the boom in video are partly connected with its growth from an existing mass product—broadcast television—so that it has benefited from the huge investment and publicity machines of companies like Sony, Philips, Matsushita, JVC and National Panasonic. The 16mm. film industry never had supporters of that breadth and magnitude.

Additionally, however, video is relatively easier to operate—with an instantly replayable image. In consequence the myth has arisen that video is simpler to use than film, cheaper in production costs and adequate for all manner of programmes made by inexperienced and often untalented members of the staff. Film production is necessarily a more ponderous process, more disciplined and dependent on a variety of professional back-up services.

More British companies are therefore investing in expensive video production facilities. Whereas once it was confined to institutions like Shell and IBM, with highly qualified staff, more companies are now becoming involved and spending something up to six figures on typical installations without a company audio-visual tradition to back up the investment with experienced human resources.

When a straight recording of a studio talk is all that is required, the justification for using semi-professional producers may seem reasonable enough—especially if the end result is sharp, loud and clear. But just as most of the public will recognise, unconsciously, poorly written newspapers or brochures and reject them—so too will they reject (perhaps unconsciously) poor television programmes. Moving pictures have become part of our cultural heritage, regardless of formal education.

That heritage has established its own grammar, instinctively recognised by the viewer, but rarely accessible to the practitioner without some training and experience. Even that hypothetical recording of a studio talk can easily offend the instincts of the audience. The way that the person is positioned within the camera frame is important enough: if not centred in a compositional balance, then it is disturbing if the eye is not turned slightly towards the centre of the picture.

The arrangement of lighting on the speaker also calls for skill that the do-it-yourself producer can rarely muster. Most broadcast television viewers, conditioned to the News at Ten or BBC's bulletins, receive their information from talking heads that are evenly illuminated without strong shadows; the background is likewise quite soft and of a high key, pastel colour. Confronted by a company spokesman, lit so that the eyes recede into their sockets and the facial structure casts dramatic shadows, the viewer might be forgiven for feeling that this doesn't have the same comfortable and honest atmosphere of the telly.

That same talking head on broadcast television is skilfully presented so that it remains visually interesting. Not only does the professional newsreader remain static in his or her chair without bobbing about, but probably has a better face than does the works manager.

In a similar studio situation, other dimensions are added by the professional but often neglected by the DIY producer—such as music. On BBC or ITN bulletins, the opening music sets its own atmosphere of urgency and importance—preparing the viewer for what follows. When insert material is used, it will be accompanied by sound effects that heighten the effect.

Yet the studio speaker talking to camera is only the simplest of situations. Unleash the video facilities on a more challenging subject—such as producing a complete programme about the proposed move to a new HQ—and a range of new requirements arise.

Traditionally, the disciplined approach of the film producer presented with such a situation would turn the task into a much more painstaking operation than is regrettably the norm for video producers. First there is the research into the subject—and questions such as "who is going to see the film?" "what do you want it to achieve?" Then there is a script, which packages the information, argument and motivation in an interesting way with some scope for pace, variety and impact.

The other main problem area for the DIY video producer is the editing and finishing stages—the post production work that is necessary (or should be necessary) after the recordings have been made. This involves (or should involve) considerable time in editing the visual material to inject a natural rhythm and variety of interest. But to do the job properly on video requires expensive facilities, and often it gets dismissive treatment. Yet in film production, the editing process is regarded as the most formative, malleable and creative stage of the entire procedure—the point at which real control can be exercised and brilliance possibly achieved.

The warnings for the do-it-yourself video producer ought to be clear: it is not easy, it requires extensive technical facilities to do the job properly, more time than popularly imagined, more preparation than usually allowed for and—most important of all—skill, experience and talent. The first two qualities may be acquired, and there are plenty of training courses available to help (details can be obtained from the Education and Training Committee, the British Kinematograph, Sound and Television Society, 110-112, Victoria House, Vernon Place, London WC1B 4DJ). The talent is in short supply; the best is usually working for the BBC or ITV and is rarely found in the training or marketing department of an industrial company.

Video offers exciting possibilities as an aid in company communication. But it also conceals, in its apparent simplicity, nasty hazards which can be more costly for the end product than the money spent on it.

Guest and son have another winner in David's City

RACING

BY DOMINIC WIGAN

TOBY BALDING, whose Kingsclere-based brother, Ian, concluded a particularly disappointing season with several winners (including Centurion in the Cesarewitch), saddles Misty Time for the opener at Folkestone today rather than take the three-year-old to Ludlow.

I believe that the tip is worth taking. Misty Time found little difficulty in outpacing Fire Drill at Newbury last time out and, although he is undoubtedly not a top flight young hurdler, he will not need to be to beat poor opposition depleted through the withdrawal of Limit Up, who ran yesterday.

I take him to complete a quick double with a win over Bally Seal, a Newmarket opponent, rated the chief danger by Balding.

A year ago trainer Walter Guest and his jockey son, Joe, combined to land the Biddenden Selling Hurdle through Comes Spring. So it will come as no surprise if David's City does the trick for them on this occasion.

David's City, a consistent, though now rather one-paced David Jack eight-year-old, also has little to beat and can achieve his first win of the season with a victory over the inexperienced Doon River, to whom he will be conceding only 9 lbs.

Lack of any worthwhile rain in the south and Midlands over the past couple of months continues to badly affect turn-outs. Fast-ground specialists such as Divinity should find little difficulty in picking up further useful prizes while the conditions last.

The Fred Winter-trained Divinity—one of only 24 runners for the entire card—strikes me as the obvious bet for the Appledor Hurdle, following his 2½-lengths Wolverhampton victory over Charlton Fox.

At Ludlow, where just six more take the field than at Folkestone, Co-Partner ought to have no problems improving an impressive track record in the Corvedale Chase.

From April 5 to July 1, next year, the Royal Academy of Arts is to commemorate "Derby Day," as the race reaches its 200th anniversary.

"The Blue Riband of the Turf," to use Benjamin Disraeli's famous phrase, deserves a worthy bi-centennial celebration. To this end, the exhibition will not be simply a gallery of paintings of famous horses, riders and owners, but also a vivid evocation of this great unofficial holiday.

Paintings, engravings, drawings, cartoons, sculptures, photographs, pamphlets, ephemera of all sorts will be used to re-create the atmosphere of the unique occasion.

The exhibition, sponsored by Coutts, the Financial Times, Moët and Chandon, and Sotheby Parke Bernet, should ensure a worthwhile visit to the Royal Academy of Arts.

FOLKESTONE

1.00—Misty Time
1.30—David's City***
2.00—Toureen
2.30—Divinity**
3.00—Old Saint
3.30—Reehad

LUDLOW

1.00—Space Song
3.00—Co-Partner*
3.30—Regency Wood

TV/Radio

† Indicates programme in black and white

BBC 1

9.38 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 How Do You Do? 2.00 You And Me. 2.14 For Schools, Colleges. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Screen Test. 5.05 John Craven's Newsround. 5.10 The Record Breakers.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 David Essex (London and South-East only).
7.20 James Burke's Connections.
8.10 Dallas.
9.00 News.
9.25 Play For Today.
10.40 Tonight.
11.20 Roads To Conflict.
11.45 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—10.05-10.30 am I Ysgolion. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.10 Pobol Y Cwm (cyfres). 7.40-8.10 David Essex with guests Small Faces. 11.20 Dechrau Siarad. 11.45 News and Weather for Wales.

Scotland—9.38-9.58 am For Schools. 5.55-6.20 Reporting Scotland. 6.50 Tom and Jerry. 6.55-7.20 Ballad Folk. 9.25 Return to Lilybank. 10.15 Tuesday Night. 10.40 Return to Lilybank. 11.30 Road to Conflict. 11.55 News, Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 Children and Their Music. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.50-7.20 East (Norwich) Spot On! Midlands (Birmingham) Action! 78; North (Leeds) Lifelines; North East (Newcastle) Tuesday North; North West (Manchester) Sit Thi Deawn; South (Southampton) Cusden On Location; South West (Plymouth) Peninsula; West (Bristol) Day Out.

BBC 2

10.30 am Working for Safety.
11.00 Play School (As BBC-1 at 3.55 pm).
2.30 pm The Engineers.
3.00 Propaganda With Facts.
3.30 The Living City.
5.00 Open University.
†5.40 Laurel and Hardy Showcase: "County Hospital."
5.55 News on 2 Headlines.
6.00 In The Making.
6.20 "Digame."
6.45 Mid-Evening News.
6.50 Empire Road.
7.20 The Birds Fall Down.
8.10 The Voyage of Charles Darwin.
9.10 Wodehouse Playhouse.
9.40 Man Alive.
10.30 Britain v. Australia Rugby League (highlights of first two Tests).
11.15 Late News.
11.25 The Old Grey Whistle Test.
12.05 am Closedown (Reading).

LONDON

9.30 am Schools Programmes. 12.00 Chorlton and the Wheelies. 12.10 pm Rainbow. 12.30 Treasures in Store. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 Raffles. 3.20 Heart to Heart. 3.50 The Sullivans. 4.20 Get It Together. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Botanic Man.
7.30 Charlie's Angels.
8.30 The Upchat Connection.
9.00 Fallen Hero.
10.00 News at Ten.
10.30 Travels with a Donkey.
11.30 Lou Grant.
12.25 am Close: Derrick Gilbert reads a poem by Robert Herrick.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 6.00 About Anglia. 7.00 The Rolf Harris Show. 11.30 The Streets of San Francisco. 12.25 am Chapter and Verse.

ATV

1.20 pm ATV Newsdesk. 3.55 The Electric Theatre Show. 5.15 Mr. and Mrs. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Fantasy Island. 11.30 Jazz Concert: Alex Welsh and his band. 12.00 Something Different.

BORDER

†1.20 pm Border News. 2.00 Houseparty. 5.15 Jonny Quest. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Fantasy Island. 11.30 Skiing with Gina. 12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 5.15 Mr. and Mrs. 6.00 Report at Six. 7.00 Treasure Hunt. 7.30 Fantasy Island. 10.28 Channel Late News. 11.30 Pro Celebrity Snooker. 12.10 am World in Action. 12.40 Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Mr. and Mrs. 6.00 Grampian Today. 6.10 Tulip Fiesta. 7.00 Botanic Man 7.30 Fantasy Island. 11.30 Power Without Glory. 12.25 am Reflections. 12.30 Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 University Challenge. 7.30 Fantasy Island. 11.30 Dan August.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Botanic Man. 7.00 Three Little Words. 7.30 Fantasy Island. 11.30 Code R.

HTV Cymru/Wales—As HTV General except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 10.30 Dim Ond Heddiw. 11.00 World in Action. 11.30 Moynihan.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 5.15 Dodo the Space Kid. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 11.30 Late Call. 11.30 Pro-Celebrity Snooker.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day including Southsport. 7.00 Emmerdale Farm. 11.30 Southern News Extra. 11.40 Pro-Celebrity Snooker.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 The Brady Bunch. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Fantasy Island. 11.30 The Bob Newhart Show. 12.00 Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.35 The Mary Tyler Moore Show. 7.00 Emmerdale Farm. 7.30 Fantasy Island. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Mr. and Mrs. 6.00 Westward Diary. 7.00 Treasure Hunt. 7.30 Fantasy Island. 10.28 Westward Late News. 11.30 Pro-Celebrity Snooker. 12.10 am World in Action. 12.40 Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 3.20 Calendar Tuesday. 5.15 You're Only Young Twice. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Fantasy Island. 11.30 The Bob Newhart Show. 12.00 Stars on Ice.

RADIO 1 247m

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.30 Paul Burnett. 2.00 pm Tony Blackburn. 4.30 Kid Jensen. 6.30 Personal Call. 7.30 As Radio 2. 10.00 Newsbeat. 10.05 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 On the Third Beat (S). 7.30 Folk 78 presents Cambridge Crofters in concert (S). 8.02 Tuesday Night is Gala Night (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Variety Club. 11.02 Tennis: Benson and Hedges Tournament. 11.03 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Hummel (S). 9.40 Plainsong and the Rise of European Music (S). 10.35 Tuckwell Wind Quintet Concert, part 1 (S). 1.00 News. 1.05 The Arts (talk). 11.30 Concert, part 2: Schoenberg. 12.10 pm BBC Welsh Symphony Orchestra, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.25 BBC Welsh SO, part 2 (S). 2.10 Music at St. George's, Bristol (S). 3.10 Haydn: Quartet in D (S). 3.35 English Songs (S). 4.30 Master Cellists (S). 5.15 Jazz Today (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home: William Mann gives his view of Saint-Saëns opera "Samson et Dalila" (S). 7.30 BBC Symphony Orchestra, part 1: Bruckner (S). 8.35 The Expressionist Classic, Georg Kaiser (talk by Martin Esslin). 9.00 BBC SO, part 2: Sibelius (S). 9.50 The Prelude. 10.20 The Trio-Sonata (S). 11.15 Hummel: Illustrated talk by Roger Fiske (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 The End of the Pier: British seaside piers. 12.00 News. 12.02 pm You and Yours. 12.29 Desert Island Discs. 12.55 Weather: programme news. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour, including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.10 Questions to the Prime Minister live from the House of Commons. 3.35 Vanity Fair (S). 4.30 My Delight with Frederic Raphael. 4.35 Story Time. 5.00 PM: News Magazine. 5.55 Weather, programme news. 6.00 News. 6.30 The Peter Hudson Show (S). 7.00 News. 7.05 The Archers. 7.20 The Road to El Dorado: Sir Geoffrey Jackson's pilgrimage South America. 8.05 Where Do We Go From Here? Industrial Peace (debate). 9.59 Weather. 10.00 The World Tonight. 10.30 The Jason Explanation of Culture (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 pm Question Time from the House of Commons. 1.05-Close: As Radio 2.

London Broadcasting

261m, 417m and 97.3 VHF

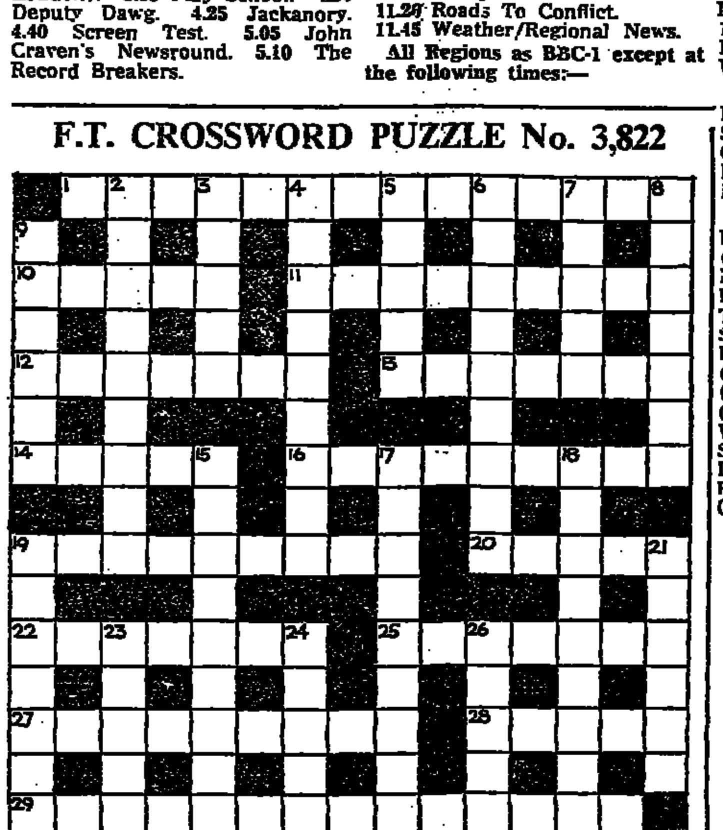
5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Tony Myatt (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Bryan Wolfe's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Smith's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,822



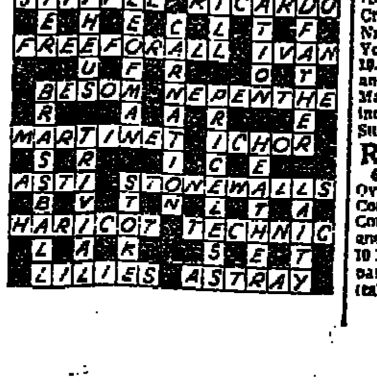
ACROSS

1 Form of language or turn of expression (6, 2, 6)
10 Price of a rib (5)
11 Bet South African province is still to be delivered (9)
12 Pipe while going round thoroughfare (7)
13 Dried about two pounds but is bored (7)
14 Save about a pound for a drudge (5)
16 Tin? Yes tin could produce concentration (9)
19 Gave a gift to the editor (9)
20 Swift but quiet in attack (5)
22 Bound to be grateful (7)
25 Vessel that's not so heavy (7)
27 Band or box followed by soldiers (9)
28 Alter notice about people (5)
29 Board eastern ship going round desolate area and be rightly served (3, 4, 7)

DOWN

2 Incite one crowd to follow this month (9)
3 French and English articles take exercises but are not suitable (5)
4 Painter putting Oriental title on rota (9)
5 Destined to produce thick edition (5)
6 Senior citizen living in continental board-house? (9)
7 Praise anticipated in next Olympics (5)
8 A.M. or P.M. it denotes a short holiday (4-3)
9 Glares at chimney top on board (6)
15 Type of growth that's always immature (9)
17 Lad with it coming up gets a bandy greeting but it could be dangerous in the main (5, 4)
18 Restless but I'm the one receiving treatment (9)
19 Nothing left in spike to extend (7)
21 Laugh at some French travel (6)
23 It is legal in Catholic Italy (5)
24 Is affectionate and performs about three initially (5)
26 Serious and deadly place (5)

SOLUTION TO PUZZLE No. 3,821



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. [illegible] ENGLISH NATIONAL OPERA [illegible]

COVENT GARDEN. [illegible] THE ROYAL OPERA [illegible]

SADLER'S WELLS THEATRE. [illegible] HANDEL OPERA [illegible]

THEATRES

ADELPHI THEATRE. [illegible] "HERE IS A WARMLY FAMILY SHOW" [illegible]

ALBERY. [illegible] OLIVER [illegible]

ALDWYCH. [illegible] ROYAL SHAKESPEARE COMPANY [illegible]

AMBASSADORS. [illegible]

APOLLO. [illegible] "WICKEDLY FUNNY" [illegible]

ARTS THEATRE. [illegible] DIRTY LINEN [illegible]

ASTORIA THEATRE. [illegible] ELVIS [illegible]

CAMBRIDGE. [illegible] IPI TOMBI [illegible]

COMEDY. [illegible]

CRITERION. [illegible]

DRURY LANE. [illegible] A CHORUS LINE [illegible]

DUCHESS. [illegible] OH! CALCUTTA! [illegible]

DUKE OF YORK'S. [illegible]

FORTUNE. [illegible] MURDER AT THE VICARAGE [illegible]

GARRICK. [illegible]

GLOBE THEATRE. [illegible]

GREENWICH THEATRE. [illegible]

HAYMARKET. [illegible]

HER MAJESTY'S. [illegible]

KING'S ROAD THEATRE. [illegible] THE ROCKY HORROR SHOW [illegible]

LYRIC THEATRE. [illegible] FILUMENA [illegible]

MAY FAIR. [illegible] UNDER MILK WOOD [illegible]

MAY FAIR THEATRE. [illegible]

NATIONAL THEATRE. [illegible]

OLD VIC. [illegible]

OPEN SPACE. [illegible]

PALACE. [illegible]

PALLADIUM. [illegible]

PHOENIX. [illegible]

PICCADILLY. [illegible]

PRINCE EDWARD. [illegible] EVITA [illegible]

PRINCE OF WALES. [illegible]

QUEEN'S. [illegible]

RAYMOND REVUEBAR. [illegible]

ROYAL COURT. [illegible]

ROYALTY. [illegible]

SAVOY THEATRE. [illegible]

SHAFTESBURY. [illegible]

STRAND. [illegible] NO SEX PLEASE—WE'RE BRITISH [illegible]

ST. MARTIN'S. [illegible] AGATHA CHRISTIE'S THE MOUSETRAP [illegible]

TALK OF THE TOWN. [illegible]

VAUDEVILLE. [illegible]

VICTORIA PALACE. [illegible]

WAREHOUSE. [illegible]

WESTMINSTER. [illegible]

WHITEHALL. [illegible]

WINDMILL THEATRE. [illegible]

WYNDHAM'S. [illegible]

YOUNG VIC. [illegible]

CINEMAS

ABC 1 & 2, Shaftesbury Ave. [illegible]

CAMDEN PLAZA. [illegible]

CLASSIC 1, 2, 3, 4, Oxford Street [illegible]

CURZON. [illegible]

LEICESTER SQUARE THEATRE. [illegible]

ODEON, Haymarket. [illegible]

ODEON, Leicester Square. [illegible]

ODEON, Marble Arch. [illegible]

PRINCE CHARLES. [illegible]

مكتبة الإسكندرية

FINANCIAL TIMES SURVEY
Tuesday November 14 1978

Portugal and the EEC

Since the revolution of 1974 Portugal has sought to strengthen its ties with the EEC. It is now firmly committed to the European ideal and regards membership of the Community as an essential means of consolidating democracy.

Keen to join the club

By Robert Graham

PORTUGAL'S APPROACH to joining the European Community has been disarmingly direct. The complexities and disruptions of substantial changes in trade, fiscal and social policy, to say nothing of the impact on the present constitution of Community laws and practice, have all been subordinated to one overriding consideration. Portugal regards membership of the Community as an essential means of consolidating democracy. The same consideration applies equally to the other two applicants, Greece and Spain.

Just because Portugal has such an overtly political motivation, this does not call in question its commitment to the European ideal. Unlike Spain under Franco, Portugal under Salazar behaved—and was treated—as an integral part of Europe, hence partnership in NATO and membership of EFTA. One of the first acts after the revolution of 1974 was to seek to strengthen existing ties with the EEC. However, formal application to join the Nine was not made until two years later, and only after President Eanes had managed to steer Government away from the military into the hands of a civilian administration. The real drive for EEC membership came from the socialist Government of Sr. Mario Soares, who with his international socialist background saw this as the way to bind Portugal to the mainstream of European politics, so preventing either a return of the army, as in the early days of the revolution, or reversion to dictatorship.

Whatever reservations the European Commission might have about the impact of three new members on the Community's institutions, it has explicitly accepted the political argument as the prime reason for membership. In its opinion given in June the Commission states unequivocally: "The Community cannot leave Portugal out of the process of European integration. The resulting disappointment would be politically very grave and the source of serious difficulties. The accession of Portugal, which set its face firmly towards Europe almost as soon as democracy was restored, can only strengthen the European ideal."

Within Portugal reservations about joining the Community have come from both the Communist Party, which dominates the trade union movement, and the extreme Right. But the strictly orthodox views of the communists have been less strident of late, and most observers believe that the Government has a fairly free hand to negotiate. The hesitancy and suspicion towards the Community so evident in Britain is largely absent in Portugal.

Negotiations

Negotiations are being approached in a non-partisan atmosphere. A nine-man commission has been set up to conduct negotiations, headed by Sr. Vitor Constancio, vice-governor of the Central Bank and a former Finance Minister. Sr. Constancio refused to serve as minister under the recent, short-lived Nobre da Costa Government or whatever new administration may be formed, but was willing to act as chief negotiator in the role of a senior civil servant. It is hoped that this should free negotiations from the seemingly inevitable ructions of Portuguese politics, and, given Sr. Constancio's forceful personality, the Portuguese position is likely to be largely shaped by him. Although the negotiations opened last month in Luxembourg, they will not begin in earnest until December/January. Formal accession is not expected before 1983.

Portugal does not want a globalisation of negotiations to include the other two applicants, and this seems to have been accepted at the outset by all involved. The timing of the three countries' applications has been different and their trade relations with the Community are dissimilar. As a member of EFTA Portugal was particularly affected by the entry of Britain and Denmark into the EEC. These two countries absorbed a quarter of Portuguese exports, and in order to secure continued access to these markets Portugal proposed a renegotiation of its position, which resulted in the trade agreement of July, 1972—still the basis of Portugal's trade relationship with the Community. Under the terms of this agreement and subsequent revisions, duties by 1980 will apply to only 20 per cent of EFTA and EEC imports (which account for about 41 per cent of total imports).

If this reduction of Portugal's tariff barriers works, then by 1980 Portugal could claim to be applying the equivalent of only 30 per cent of the duties effective back in 1972. For balance-of-payments reasons Portugal is still applying an import surcharge scheme. Also to protect its own agriculture (Portugal imports twice as much agricultural goods as it exports) it gives no concessions to the Community. The Community for its part has scrapped all tariffs on Portuguese industrial goods. Portugal in fact is the least protectionist-minded of the three applicants. Although this is obviously a point in its favour, it will not lessen the problems involved in Community membership.

The Commission warns bluntly that in its opinion "political considerations must not, however, be allowed to obscure the economic difficulties." These difficulties stem from the country's lack of natural resources, small population and comparative poverty. When viewed against the rest of the Community per capita income is well below the European average, even that of the new applicants. Portugal's per capita income stands at $1,504 against $2,390 for Greece and $2,394 for Spain. Current Portuguese production is equivalent to only 1 per cent of the Nine's GDP. By Community standards the 28 per cent of the population involved in agriculture is high, especially as it accounts for only 12 per cent of GDP. Within the country there are substantial disparities of wealth between the regions, industry being concentrated in a small coastal strip between Braga and Setubal. The country's level of development is symbolised by the high number of emigrants, some 600,000 of whom are working inside the Community.

Portugal's industrial base relies heavily on traditional sectors like textiles, while agriculture is dogged by inefficiency, unsuited cultures and political disputes over land ownership. The vulnerability of both industry and agriculture are examined separately elsewhere in this survey. Here it is important merely to emphasise that these weaknesses do not exist in isolation. They are compounded by the general disruptions caused by the revolution and the abrupt end to the colonial era that witnessed a massive influx of refugees from Angola and Mozambique—a combination of events which swelled unemployment, negatively affected production and investment confidence and which created a surge in consumption that was immediately reflected in serious strains on the balance of payments. The net effect has been to produce the most precarious economy in Europe, only now just beginning to move down the path of stabilisation under the firm tutelage of the IMF.

Controls

As a counterpart for financial aid, the IMF insisted on tough credit controls, higher interest rates and further escudo depreciation to halt inflation and improve the balance of payments, whose deficit earlier this year had reached an unacceptable 9 per cent of GDP. With some exceptions in public sector credit, the IMF guidelines are being observed. By next March the current account deficit should be reduced to $1bn. But IMF tutelage is only a short-term expedient and, moreover, deflationary. Portugal on the other hand, if it is to approach closer to the Community level of development, must sustain a high average growth rate in the coming years. This challenge for a structurally weak economy will cast ultimately the biggest cloud over the accession negotiations.

Growth this year will be about 3.5 per cent, with inflation running at 20-21 per cent. Much simplified the problem is as follows: to sustain 3 per cent growth Portugal will need some $1bn in external assistance annually. Even that will not really be high enough to bring Portugal closer to its European partners in the foreseeable future. Yet higher growth will merely aggravate the balance of payments problem, and if higher growth is sought existing barriers to domestic and foreign investment confidence will have to disappear. These will only disappear once the restrictive labour laws are altered, compensation payments for nationalised sectors resolved and prohibitions on capital movements relaxed. Such inherent difficulties of managing future growth must be seen in tandem, too, with the delicate task of fixing a satisfactory transition period. This will be particularly acute in the agricultural sector, where Portugal's foodstuffs imports will increase to be only partially offset by higher prices for such items as wine and tomato concentrate.

Just how high a price Portugal will have to pay is still unclear. But it would be mistaken to put too much emphasis on the problems because there are substantial gains in sight, quite apart from the main political one. The prospect of impending EEC membership should act as a catalyst for all sorts of improvements in the efficiency of the administration, starting it is hoped with a centralised and regular flow of accurate statistics. Membership also promises to focus on a more rational approach to Portugal's regional disparities.

More exciting is the prospect of attracting European industry to establish itself in Portugal, offering as it does the lowest industrial overheads in Europe. Here a major unknown is how Portugal and Spain will come to regard each other as the same Iberian market. Until now these two neighbours have chosen to ignore joint economic potential through a mixture of protectionism and historic rivalry. Logically the two countries should view each other as belonging to the same market in the future, and this could have enormous implications for the development of the border region between the two countries, at present the most backward and neglected area of the Iberian Peninsula.

PORTUGAL AND THE EEC II

Banking practice will have to adjust

BANKING HAS been one of the sectors most affected by the 1974 revolution as all domestically owned banks were nationalised. The Portuguese operations of the three foreign banks—Banco do Brasil, Bolsa and Credit Lyonnais—were left untouched. But the State took effective control of over 95 per cent of all banking, making Portugal the European country in which the State exerted the greatest banking control.

Under the present conditions accession to the EEC does present several important problems which essentially relate to the way in which the existing constitution has enshrined the principle of State control of strategic sectors like banking. However, these problems need not be exaggerated. So much has changed in the atmosphere of Portuguese politics in the past two years, indeed even in the past few months, that existing EEC objections may well disappear long before accession.

These problems also tend to be emphasised by the private sector which has a vested interest in trying to reduce the area of State involvement in the economy and which uses the prospect of entry into the EEC as a means of showing that existing legislation is out of step with the Brussels commitment to a market economy.

Constitution

The constitution lays down that those sectors reserved for the public sector will be defined by law. The law governing this was promulgated on July 8, 1977 and defined those sectors reserved for State enterprise as armaments, oil refining, iron and steel, base petrochemicals, fertilisers, cement and banking and insurance.

It is the principle of the right of establishment that is at stake and the problem is both one of changing the constitution and changing the law to meet EEC requirements.

Within the country the role of the banks is still an emotive issue, though much less so than it was. The 11 commercial banks prior to nationalisation were deeply involved in all aspects of the economy and in many instances were the chief shareholders in major industrial holdings. They were the main economic force in the country.

Thus on nationalisation the State also acquired some 2,000 companies in the private sector. Exception was made for the three foreign owned banks, who were really marginal to the overall picture since their presence was historic and was concerned primarily with financing trade with their respective countries. There is no suggestion that the clock now be put back.

In France and Italy after all the principal banking institutions are state controlled. However, accommodation will have to be made to get round the prohibition in principle on the right of establishment of banks. In this sense there is a certain illogicality in the tolerance already of three private foreign banks and denial of local private banks (though the motive at the time was clear enough—an attempt not to alienate the international financial community during the revolutionary changes).

If the Government wishes to reserve its position and not commit itself to any fundamental change in the existing situation, it can invoke the *principles of Article 122 of the* Treaty of Rome. This article, according to Portugal's chief negotiator, Sr. Vitor Constancio, states quite clearly that membership will not prevail on the laws of property of member states. Yet equally he argues that ratification by Parliament of the treaty of accession automatically implies acceptance of EEC rules which in turn subsume those laws which are contradictory—like elements of the July, 1977, law defining public sectors.

However, within the banking community there is now a growing feeling that the constitution will be revised and that such revision will occur before 1980 when full negotiations with the EEC are due to begin. Already some steps have been taken to "liberalise" the Government's attitude towards private financial institutions. The recent short-lived Nobre da Costa Government was working on legislation to regulate the establishment of investment companies and the general feeling is that this work will be continued by the latest administration without any change of emphasis. The regulations being worked upon accepted the need for private investment companies, acting in many respects as merchant banks, to fulfil a genuine vacuum for medium and longer term finance created by nationalisation.

On nationalisation the banking system was primarily utilised to service the much enlarged public sector. The banks went through considerable internal upheavals as vigorous trade unionism insisted on supervision of management. Management has settled down in the past year to a more orderly pattern. Nevertheless, the inevitable "bureaucratisation" of management that resulted with state takeover has left its mark and encouragement of private sector investment continues to suffer as a result.

One of the most significant new developments in this respect was the establishment during the summer of a financial services company in anticipation of the new investment company regulations. The company, MDM, is an equal partnership between the Mello Group, Deutsche Bank and Morgan Guaranty. The financial community feels that two well respected and relatively conservative international banking forces would not have gone ahead with this venture, no matter how small, involving the best known private business family in Portugal, without some sort of indication from the authorities of greater liberalisation to follow. MDM cannot of course either take funds or make loans but it can act as a catalyst—offering advice on investment projects, prepare studies and help in arranging finance. Although only operational for two months MDM reports an encouraging response from the private sector, indicating a genuine need for such an institution.

Even if the existing laws were changed it is arguable whether any international bank would commit itself to establishing a full banking presence. Breaking into retail banking would be difficult if not costly. However, longer term considerations may be different. Some eyebrows were raised last March when Citibank announced that it would establish a representative office in Lisbon, this being seen as an indication of interest, if not future intentions, since this was the first time since the revolution that a foreign bank had sought to be present in Portugal.

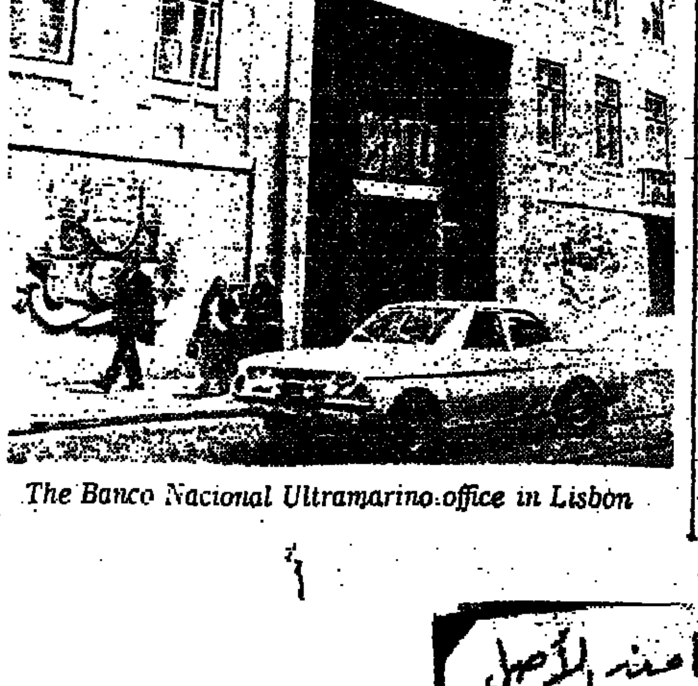
Capital

The other area where Portuguese banking practice is in conflict with the EEC is over legislation on capital flows. As part of its efforts to protect the economy and prevent a deterioration in the balance of payments, the Government has introduced stringent rules on capital movements. Foreign investment, for instance, according to the law of August 24, 1977, are subject to strict control concerning repatriation of profits. The EEC opinion on Portuguese accession stated, "all these arrangements will need to be adapted to conform with Community rules, particularly as regards the free movement of capital." During a recent seminar organised by the Banco Portugues do Atlantico several suggestions were made to alleviate the existing restrictions, without calling for their immediate removal. These suggestions included a decentralisation of the decision making process in foreign exchange matters, facilities for Portuguese exporters and importers to engage in forward transactions to minimise currency risks and rationalisation of the existing multitude of laws.

Sr. Vitor Constancio says in this respect: "It is unrealistic to think that given our present balance of payments problem we can envisage a liberalisation of capital movements, especially as regards the direction of outflows of capital. We think it is a problem. But even in the Treaty of Rome there are certain safeguard clauses for member states which foresee these kind of situations and make it possible, as member states have done in the past, to implement capital control. He therefore maintains that until Portugal's balance of payments problem is resolved, the position cannot be altered. In other words any substantive change on this issue will be in the medium or long term.

Some see the issue of compensation for the nationalised banks as a potential source of conflict with Brussels. But this issue is likely to have been defused long before serious negotiations begin. The Government has been moving slowly forward with the mechanics of compensation. Before the year end the claims of all the shareholders are expected to have been classified on computer and the first bonds issued in lieu. The real problem with the compensatory bonds is that the Government cannot possibly allow immediate realisation of assets in liquid form. Thus even the use of bonds as collateral for bank loans for new investment will have to be conditional on conformity with existing credit ceilings. These are currently tightly controlled by the IMF letter of intent initially valid until March 1979 but almost certainly to be extended into the foreseeable future so long as Portugal's balance of payments and inflation remains the number one economic problem.

Robert Graham



The Banco Nacional Ultramarino office in Lisbon

Fishermen landing their catch at Cascais

Desperate need for agrarian reform

PORTUGUESE AGRICULTURE has the lowest productivity per head in Europe. Although 28 per cent of its working population is employed in the agrarian sector, Portugal is incapable of feeding itself, making its reliance in food imports one of the most damaging contributors to the balance of payments deficit. Foodstuffs account for nearly 30 per cent of total imports. In analysing exactly what is wrong with the sector, Portuguese officials have concurred with the European Commission in accepting the desperate need for thorough structural change without which the country will never experience the necessary economic development.

Portugal agricultural experts have estimated that were Portugal to make full use of its land, productivity would be similar to that of Greece. It could, given the rich technical application, become self-sufficient in foodstuffs.

Portugal's agrarian sector remains divided between north and south, so different that they could almost be two separate countries with the only common bond being that of their inefficiency. The north, which accounts for over 80 per cent of total agricultural production, is characterised by hundreds of family - owned plots or "minifundias," the majority of which are less than 50 acres.

Many of the plots are less than 10 acres, having been passed down and divided from generation to generation. Ministry of Agriculture officials recognise that the fertility of some of the land in the north makes the region "natural" for increased productivity in precisely those kind of farm products which Portugal is forced to import, such as cereals and dairy products. The present structure of land, though, ensures that many of the farmers in the region are incapable of increasing their production beyond the subsistence stage. The minifundias with "their couple of cows, few chickens and vegetable patch," as one ministry official recently put it, cannot even begin to think of feeding the country, let alone compete with the farmers of the EEC.

The south is equally problematical. In stark contrast to the north, the region is characterised with farms of over 250 acres, most of which originally formed part of the huge estates or "*latifundistas*" which existed in Portugal before the military coup of April 25, 1974.

Absenteeism

During the Salazar regime the south was noted for the absenteeism of the landlords, a lack of investment and the servile state of agricultural workers, the worst paid in the whole of Europe. Small wonder that when a group of young army officers succeeded in toppling the dictatorship, revolutionary fervour expressed itself in widespread and indiscriminate land grabs by peasants, in addition to the "official" nationalisations. Radical political change was not accompanied by any significant technical improvement. private estates were supplanted by communist controlled collectives, who from the outset suffered from a lack of consistent organisational policy or economic goals.

Ironically the collectives have inherited some of the defficiencies of the landlords they overthrew. They rely on a large workforce, and concentrate on farming single crops, such as wheat or tomatoes. The collectives are also slow on investment; large amounts of government credit distributed over the last two years has been poured not into the land but into the wage packets of the workers.

Clearly agrarian reform aimed not only at solving the complex issue of ownership rights but also at exploiting the land's full productive capabilities is desperately needed in Portugal. The task, however, is far from easy. Indeed Portuguese officials involved in negotiations for future entry into the Community are concerned that Brussels may fail to grasp the extent to which political and social considerations should condition the haste with which major transformations in the agrarian sector are applied.

In the north, the small and medium sized farmers remain as conservative and traditional in their political views as in ther farming methods. Government attempts at breaking up the patchwork of miniscule estates by extending a system of voluntary co-operatives are too often dismissed by the northerners as a dangerous form of state intervention, smelling far too much of socialism.

Nevertheless, as the central Government moves increasingly away from the Left and towards the Centre, there are signs of a slight softening in attitudes. Some 70,000 private farmers, smallholders and also a handful of former *Latifundistas* are grouped within the Confederation of Portuguese Farmers (CAP). In 1975 CAP formed as an essentially political pressure group to defend the north against what was seen as the threat of a Communist push for power.

In recent months CAP has significantly toned down its militant image and has concentrated more fully on the technical aspects of agriculture. Having had several meetings with EEC agricultural experts, CAP officials appear more disposed towards collaborating with a rationalisation of farming in the north.

In return for collaboration, CAP expects a fairer distribution of Government credit which, it feels, has been squandered by the "privileged" communist-run collectives in the south. Recently Dr. Vaz, Minister of Agriculture, calculated that of the Es 8.5bn worth of emergency Government credit distributed in the Agrarian sector since 1975, Es 6.5bn went to the expropriated sector in the south. CAP recognises, however, that even with more Government credit, many of the small farmers will still fear the consequences of leaving their landholdings unless they are offered guarantees of alternative employment.

In the south, agrarian reform is still potentially the most explosive factor in Portuguese politics. Only last month, communist-led peasants and riot police clashed following the first attempt by a Portuguese Government for over a year to return some of the collectives to private ownership.

The Ministry of Agriculture believes that increased productivity in the southern region would be achieved through smaller, more manageable units, employing less labour. Such a plan is included in the land reform review bill, passed by an act of Parliament last year, having been looked at benevolently by EEC officials.

The bill is the first Government-inspired effort to bypass politics in the agrarian sector, and present instead a coherent project directed towards technical improvement. The social and political situation in the south remains delicate, however. The present Portuguese constitution recognises the legitimacy of the collectives. it also emphasises that agrarian reform should only be carried out with the full collaboration of the workers.

Yet Dr. Vitor Constancio, the chief Portuguese EEC negotiator only recently denied that there existed any contradiction between Portugal's present institutional framework and its future role as a member of the Community. "The Treaty of Rome does not prevail on individual Government policy with regard to ownership rights," he said.

The hope is that the communists will be swung round eventually to a more conciliatory attitude on agrarian reform. Government has already made it clear that it has no objection to smaller collectives, run on a democratic basis and not as a "state within the state."

Legislation

As in the north, however, workers on the collectives fear the results of a restructuring in their sector. They know that present Government legislation will mean less employment on the land, and they are not willing to become emigrants again as happened in the days of the dictatorship.

Against this background, it is not hard to see the real need for a transitional period for agriculture once Portugal enters the EEC. Official opinion on Portugal's application recognises "an increase in the better returns from agricultural production . . . will entail a reduction in the farming population conditional upon the alternative job opportunities. . . ."

Time is needed for the changes in the agrarian sector to be fully complemented by development in industry. Time is needed for the study and application of alternative cultures that could help diversify the "monoculture" farming in the south. Time is needed for the establishment of irrigation systems and the introduction of fertilisers to make the land altogether more productive. Finally time is needed for Portugal to develop the necessary organisation and market infrastructure that would help it stand up to the reality of EEC membership.

Jimmy Burns
Lisbon Correspondent

Labour a delicate issue

EVER SINCE a group of adventurers left the Portuguese mainland over four centuries ago in search of land, spices, and gold, Portugal has been referred to as a country of emigrants. Emigration has developed over the years becoming particularly pronounced in this century when between 1950 and 1973 an estimated 21.8 per cent of the total Portuguese population left home. Nowhere has this pattern proved more problematical in recent years than within the boundaries of the EEC.

The EEC presently harbours some 589,000 Portuguese immigrants and theoretically, Portugal once a full member of the EEC, would benefit from the Treaty of Rome's provisions on labour. These allow for the unrestricted movement of workers in and out of member states. The EEC however, already has 7.1m unemployed, making the prospect of any further immigration hard to swallow. Clearly labour will be among the issues needing delicate treatment during the coming negotiations.

A compromise agreement will need to based on a realisation by both Portuguese and EEC officials of particular changed socio-economic circumstances Portuguese emigration to Europe was originally the result of the economic misdevelopment and political oppression that existed during the Salazarist regime. Lack of opportunity at home, and the political risk involved in complaining about it, pressed the unemployed labourer and or political outcast into looking, like his forefathers, towards the land of opportunity.

In the '60s, opportunity was to be found in the European democracies of the EEC member states, who were then experiencing an economic boom. Immigrants, regardless of whether or not they came from within the EEC were welcomed with open arms.

Objected

At the time, not even the more forward looking Europeans objected to the unrestricted flow of workers coming from outside the EEC. It was felt then that emigration was simply a transitional phenomenon: in a hugely idealistic way, it was imagined that the Spanish or Portuguese "exiled" worker would not only learn new skills but also reach greater heights of political awareness while abroad. His eventual return to the country of origin would therefore be a major contribution to the country's economic and political development.

Things did not quite work out that way. The oil crisis in 1973 dramatically ended the hitherto benevolent attitude towards immigration, forcing governments in the more developed European countries drastically to reconsider the liberal attitudes of the past.

With reason they now look warily at the possibility of greater emigration in countries such as Portugal where the newly born democracy has not been accompanied by any substantial economic improvements. For the Portuguese workers in need of work, the tendency towards looking abroad remains.

In fact, his problems have been compounded in the last two years by the sudden influx of nearly half a million settlers from the African colonies, a further strain on an already restricted labour market.

Inflation reaching a peak of 30 per cent last year has meant a fall in real wages of nearly 7 per cent: more recently the IMF inspired deflationary programme with its accompanying credit squeeze is threatening to freeze investment, provoke bankruptcies, and add to the present unemployment rate of 15 per cent, already the highest in Europe.

Ironically the attitude of Portugal's new "democratic" leaders towards emigration has in practical terms shifted very little from the days of the dictatorship. If they do not openly encourage it they are certainly in no hurry to dissuade it. The attraction of immigrant remittances as a source of finance for the country's crippled balance of payments deficit remains as strong today as it did under Salazar.

The official opinion from Brussels tends towards playing down the issue of labour. The commission's view is that "the community's own experience of the subject shows that migratory movements vary according to the prospects offered by the labour market of the host country." Nevertheless, it recognises the dangers involved in an unrestricted circulation of Portuguese workers since there "may be a spontaneous movement of labour despite the limited job opportunities in the present member states, particularly in the first years after enlargement."

Flexibility

Dr. Vitor Constancio, who is heading Portugal's EEC negotiating team, has said that he is prepared to show "flexibility" on the labour issue, though he will expect a similar attitude to be adopted by Brussels. Indications are that the two sides may have already found common ground in recognising the need for a transitional period, which would allow for some give and take on the issue.

The most likely solution would have commission agreeing to the lifting of any discriminatory measures against Portuguese workers already resident in EEC member states. In return, the Portuguese government would agree, during an initial period of say five years, to the introduction of a quota system regulating the inflow of any new labour. These quotas would be adapted annually according to the existing conditions of the labour market in the host country.

Underlying such a compromise would be an awareness on both sides that a permanent restriction of Portuguese workers' movements within the EEC, once Portugal has become a full member state, would make a mockery of one of the basic precepts of the EEC: the need for development towards full economic and political unity within Europe.

In the long-term, both the commission and Portugal will need to make every effort to eradicate the negative motor of emigration which is misdevelopment. West Germany and France, the two countries most shackled by the burden of Portuguese labour, will need to contribute towards fixing employment in Portugal through increased investment.

Such an effort would have the backing of the community's own existing resources, including the European social fund. This would help promote vocational training and create employment opportunities particularly in those less developed regions such as the north east and the Alentejo, which have traditionally been the main sources of Portuguese emigration.

For her part, the Portuguese Government will need to make every effort to restructure her economy, and extend her present limited capacity for absorbing external finance. Until now, both Portugal and Brussels have remained remarkably calm with regard to the issue of labour. There is still, however, on both sides considerable concern that individual member states might apply their own individual sanctions on Portuguese immigrants before the country becomes a full member.

In France, where there at present some 450,000 Portuguese workers, the Government has recently threatened to toughen its immigration policy.

There are at present bilateral agreements between Portugal and certain EEC member states such as France which guarantee the well-being of the Portuguese worker abroad. But privately Portuguese officials admit the old dictum that rules are sometimes there to be broken. For the moment, however, they are bidding for more time, hoping, like Brussels, that the problem of labour will not be exacerbated further before negotiations are well under way.

Jimmy Burns

Looking towards Africa again

"DURING THE dictatorship, my generation used to look towards Europe as a reference point from which we could compare our situation. And that was important in creating a European consciousness among many intellectual groups in Portugal before 1974. Officialdom at that time tended to look towards Africa, and as a reaction we looked towards Europe."

So answered Dr. Vitor Constancio, the man in charge of Portugal's negotiations with the EEC, when I asked him recently what made him a "European." It is perhaps the clearest sign of the changing times in Portugal that Dr. Constancio and others of that "generation" are again looking towards Africa. For the links they wish to forge with what are now Portugal's former African colonies are no longer presented as an opposition to Europe but as a complement to it.

Only Guinea Bissau, among Portugal's former colonies, is a signatory to the Lome convention. Now, more than ever before, however, the Community is seeing that a very real need exists to draw Angola and Mozambique into its camp, and away from the fields of influence of the two power blocks. The role that Portugal can play in this respect is implicitly recognised in the Commission's opinion on Portugal's application for accession.

It has been said, and not without certain justification, that Western Europe until now has lacked a coherent policy towards South West Africa. At no time was this more manifest than in the immediate period surrounding the Portuguese withdrawal from its colonies.

Individual countries within the Community, for example, failed to agree as to whether or not to recognise the MPLA in Angola as the legitimate government. While some Western powers went ahead and offered Dr. Neto almost immediate diplomatic recognition, others either held back or openly supported MPLA's rivals.

The lack of coherence was manifest in the chaotic negotiations leading up to the independence of Angola, during which the three "liberation" groups were shuffled and aggravated to the point of incompatability by Portugal's head of Government at the time, General Antonio de Spinola.

Independence negotiations did not prove so complicated either in Guinea Bissau or Mozambique where the Portuguese Government settled more amicably with single more cohesive liberation movements, undisturbed by tribal factors.

Portugal was in fact among the last European countries to formally establish full diplomatic relations with Dr. Neto's Government, and even this formalised "friendship" did not maintain itself.

Against this background it is easier to understand that a new and very significant chapter in Portugal's relations with its former African colonies took place early this summer. The signing of a general co-operation treaty in Bissau after a face-to-face meeting between President Ramalho Eanes of Portugal and President Agostinho Neto of Angola cast Portugal for the first time in the mould of bridge-head between Europe and Portuguese-speaking Africa.

Friendship between Portugal and Angola now appears to point towards a generalised European policy towards Africa based on greater technical and financial assistance. Such a policy appears to have much greater chances of success than the more antagonistic approach recommended by President Giscard d'Estaing earlier this year. Significantly Portugal was herself conspicuously absent from the five nations meeting arranged by the French President in Paris last June where he attempted to set up a European-backed "Pan-african" military force.

As far as Europe is concerned the Portuguese approach appears to be altogether more consistent with the Community's apparent principle of commitment to the cause of peaceful democratic progress in Africa.

It is perhaps significant that the summit meeting in Bissau was masterminded by President Luis Cabral of Guinea Bissau, the only former African colony to have established major links with the Western world.

In an important sense Guinea Bissau is an example of the positive results that can be achieved through closer contacts between Africa and Europe. Over the last two years, Portugal has been particularly prominent in its technical and economic aid to the former colony. The Portuguese doctors, teachers, and technicians now living there are proving an effective counterbalance to the Soviet and Cuban presence in the area. A recent fishing agreement between Portugal and Guinea Bissau, for example, has virtually supplanted an agreement signed last year with the Russians.

Portugal's co-operation treaty with Angola (a similar agreement already exists with Mozambique) is the beginning of a similar kind of relationship with South West Africa. Stronger links, however, will be dependent on a solution to a number

CONTINUED ON NEXT PAGE

Industry will bargain hard

A FEELING of vertigo takes hold of the Portuguese industrialist whenever he gets down to discussing the full implications of Portugal's EEC membership. His fear is that Brussels may take for granted the desperate need for a thorough restructuring of Portuguese industry without first taking into account the nature of Portugal's present state of development.

Portuguese industry is almost totally taken up by sectors which from a European perspective would seem to have no part to play in the future once Portugal has joined the Community. The present paradox lies in the fact that these same sectors, from the viewpoint of the Portuguese, have key roles within the economy in terms of their positive contribution to the balance of payments and their capacity to create employment.

Textiles, for example, account for almost a fifth of Portugal's total industrial production. The sector employs over 200,000, or 25 per cent of total employment in Portuguese industry. Textiles account for 30 per cent of the country's total exports and these are expanding every day. Portugal expects to export Es 30bn of textile goods this year, an increase of a third on 1977.

Nevertheless, from the Brussels end of the EEC negotiations there would seem to be little room for encouragement. The textile industry throughout the Community has been depressed for over four years, a fact that has not gone unnoticed in Portugal.

The 1972 free trade agreement which Portugal signed with the EEC put considerable restrictions on Portuguese textile exports, and since then individual countries, notably Britain, have introduced even stiffer quota systems to protect their own textile industries from Portuguese imports.

Such limitations are clearly frustrating for the Portuguese, particularly when their textiles are meeting with a favourable response from individual buyers within Community countries. At Portugal's annual textile fair in Oporto last September, orders were drawn from 28 countries with Britain, France, and West Germany the leading buyers. "We have been severely hit by the restrictions which the EEC has imposed on us with regard to the textile industry," said Dr. Vitor Constancio, Portugal's chief EEC negotiator, recently.

Clearly a lot of hard bargaining will have to take place on the issue. On the Portuguese side there is certainly the will to push the textile industry to its fullest capabilities. A first step in that direction would appear to be the rationalisation of the hundreds of small textile concerns which are at the moment struggling to remain profitable. There would also appear to be a growing emphasis on quality rather than quantity in order to deal with the growing competition from the Third World.

"We are not knocking at the door of the EEC empty-handed. There are companies in Portugal which have weathered crises and uncertainties precisely because they were conceived on a European scale." So ran a Portuguese Government advertisement just over a year ago. Portugal's shiprepairing and shipbuilding yards at Lisnave and Setenave remain one of the major examples of that kind of scale. Shiprepairing occupies a strategic place in the Portuguese economy. Lisnave alone accounts for some 5 per cent of the country's total export earnings and employs a workforce of just under 10,000.

Yet here again the thought of future EEC membership for Portugal hovers like a dark cloud. Earlier this year the EEC's Council of Ministers issued a series of directives concerning shipbuilding and shiprepairing which envisaged a 50 per cent reduction of capacity and a firm control of government subsidies within the Community by 1980. There would be nothing to stop the Ministers from extending the same protectionist policies to Portugal.

Expand

But far from restraining its activities Lisnave is preparing to expand, investing nearly $20m in new equipment to cope with an estimated 30 per cent increase in overall sales. The thought of reducing its labour force when national unemployment is already running at 15 per cent remains too great a risk.

Equally problematical within the context of Portugal's future entry into the Community are two sectors of Portuguese industry which are in a half-way stage of development and which are counting on liberal doses of Government money.

The future of Portuguese steel still awaits the operation of a national steel plan first published in January 1977. If the plan were ever put into practice it would see the equivalent of some £700m of Government money going into mining and refineries in order fully to exploit Portugal's sizeable mineral deposits.

The Davignon Plan drawn up by the European Commission, however, envisages a considerable slimming of the European steel industry, and certainly leaves very little room for expansion in that sector. Officials at Portugal's national steel company, Siderugia Nacional, comment with scarcely concealed bitterness that the temporary shelving of the plan has coincided with the Government's first approaches to Brussels. "Are we to assume then that we are Europe's vassals?" asked one of Siderurgia's top managers recently.

The same feeling of insecurity pervades Portugal's great "white hope," the huge Sines complex on the border of the Algarve and the Alentejo. The building of a steam cracker by Portugal's nationalised petrochemical company, CNP, is only one of a series of grandiose schemes going on at the complex. Sines was born in the 1960s before the oil crisis and before Portugal lost its overseas empire. Over 10,000 workers have already been involved in building initial plant and a deepwater port. A conservative estimate puts total Government investment in the project at around $3bn.

It is difficult in a European perspective to justify the viability of such a scheme, especially when the petrochemicals industry is suffering world-wide recession. Yet at CNP, even more than in most Portuguese companies, management insists that Portugal is a special case.

The company's own research has predicted a substantial growth in local consumption of plastics over the next decade. CNP's aim therefore is to cater fully for Portugal's plastics industry through utilisation of the steam cracker, and consequently save Portugal a considerable sum in foreign exchange annually. In the medium term CNP expects to export excess production, further contributing to the balance of payments.

However strong the argument for exploiting to the full major sectors like the above, Lisbon and Brussels still see eye to eye on the need for new industries to bring Portugal to the level of development needed if it is to survive as a member of the Community.

In this context there is a need for investment capital, something which has been slow to appear in Portugal ever since the poliical storms of the revolution first broke out.

Certain major factors continue to dissuade both the foreign and national investor. These include present labour laws, the lack of guidelines and overall planning for industry (Portugal is still without a medium-term plan following the collapse of the Socialist-Conservative alliance in July) and the failure of the Government to compensate private concerns which were nationalised in 1974 and 1975.

Significantly, the Confederation of Portuguese Industry (CIP) greeted the Commission's opinion on Portugal's application in May by saying that Portugal's present legislation was in direct contradiction to the country's participation in a future market economy.

Portugal's present union structure is also viewed as inconsistent with future membership. The Confederation of Portuguese Workers (Intersindical), which claims to speak for over 80 per cent of Portuguese Labour, is heavily controlled, by the Portuguese Communist Party—the *only* Portuguese political party which has shown itself virulently opposed to the EEC.

These problems are expected to be ironed out before Portugal becomes a full member. Compensation for State take-overs has already been seriously considered by two Portuguese governments this year, and on the Labour front the Socialist and Social Democrat parties have recently formed a democratic alternative to Intersindical.

Perhaps the most hopeful sign that investment may be on the way back in Portugal is the Renault project currently being negotiated at Government level. This involves an estimated investment of FFr 1bn, and the creation of 7,000 new jobs. Renault will build a 300,000-unit engine plant using 80 per cent local content, as well as a component manufacturing plant.

Until now Portugal's motor industry has been restricted to assembly. The Renault project promises to integrate Portugal fully into the Europeaen market. To that extent it is perhaps the single largest token of confidence in Portugal's industrial future since before the revolution.

J.B.

Africa

CONTINUED FROM PREVIOUS PAGE

of economic and financial differences which exist between Portugal and its former colonies.

The differences embrace the nationalised banking system both in Angola and Mozambique, which has left a number of former private Portuguese banks without compensation. Financial observers estimate that another important "*contencioso*" in the way of greater co-operation is the as yet unresolved issue of compensation for Portuguese financial guarantees on various Angolan projects.

Finally there is the important issue of Portuguese interests in the Angolan diamond mine, Diamang. For over two years the Portuguese corporate and small shareholders on the one side and the Angolan Government on the other have been involved in a dispute over the mine's assets (the mine was once ranked as the sixth most important diamond producer in the world). The Portuguese Government has frozen $8m worth of the mine's assets in Portugal and has been trying to force Angola to sign a new operating contract while demanding a substantial payment for the mine's assets.

Despite the difficulties, however, there are reasons why both sides would prefer to reach an understanding. Among these perhaps the most important is the problem of the Angolan refugees still living in Portugal. Altogether just under a million Portuguese settlers and refugees are estimated to have fled the former colonies following independence. The sudden influx into Portugal of such a number over the last two years has put severe strains on the Portuguese economy. The Portuguese Government has spent an estimated Es.50bn in creating job opportunities, and housing facilities for the majority of the "*retornados*." The integration has not been entirely successful; given Portugal's limited economic resources and its badly structured industry and agriculture. With unemployment running at around 15 per cent and an already acute housing shortage the "African problem" has simply aggravated the situation.

That Portugal's former colonies may in the future become a more substantial vent for Portugal's surplus labour is a possibility that has not gone unnoticed by EEC officials. Portuguese emigration (see elsewhere in this Survey) is one of the more troubling issues facing both the EEC and Portuguese negotiating teams.

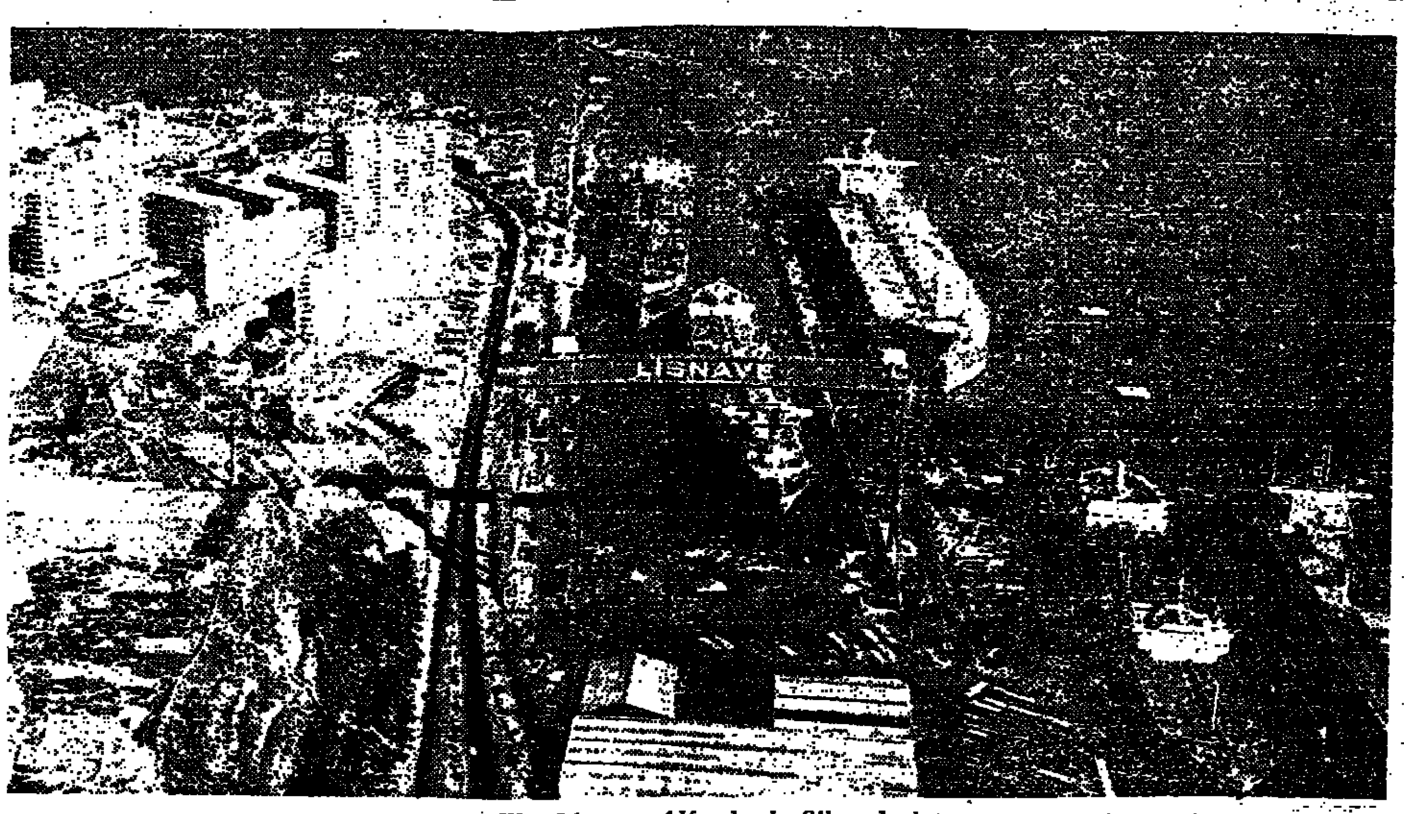
Equally the fact that the former colonies may in the future have the potential to absorb some Portuguese exports, which have failed to find the necessary outlets elsewhere in the world, will be looked on kindly by Brussels.

As far as Portuguese officials are concerned, however, the problem of trade with the former colonies is not as clear-cut as it might at first appear. Traditional Portuguese exports to Africa, such as textiles and wine, are precisely those that would be harder hit once Angola and Mozambique had entered the Lomé convention.

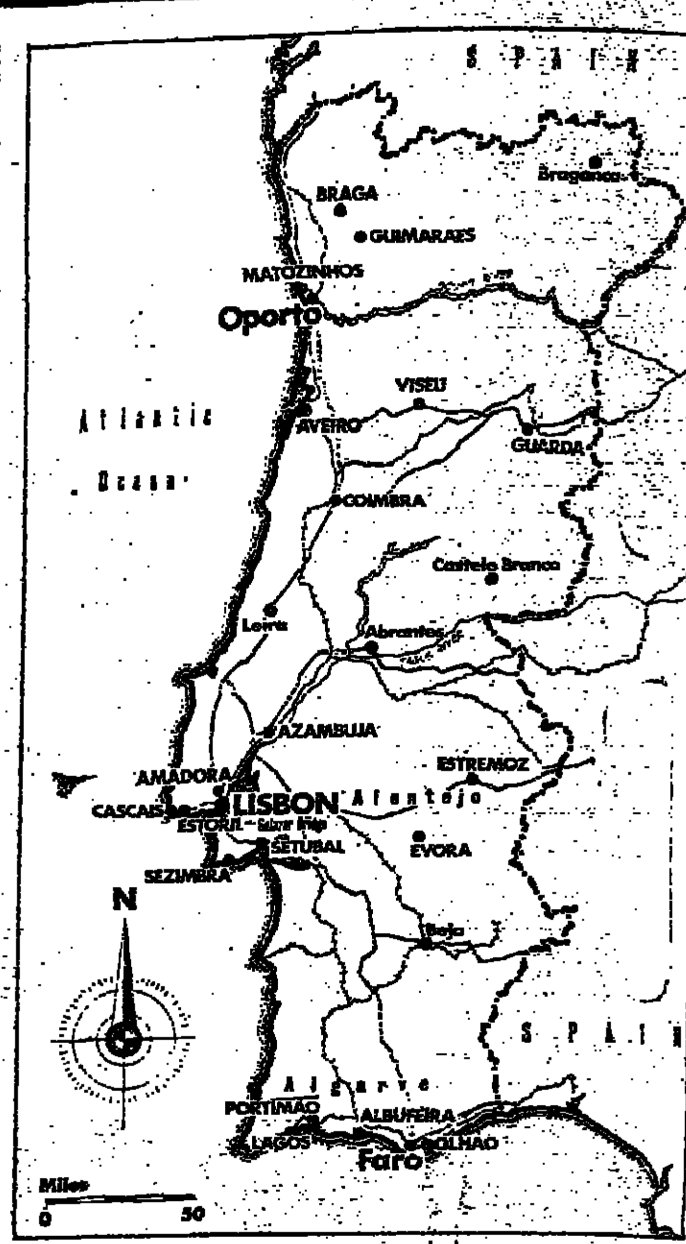
It will be up to the Community to ensure that once Angola and Mozambique have been brought into the European camp, Portugal's efforts in making that possible will not go unrewarded.

J.B.

PORTUGAL AND THE EEC VI



The Lisnave Alfredo da Silva dock



The view from Brussels

THE OPENING in Luxembourg last month of formal negotiations with Portugal on its application to join the EEC takes the Community a stage further along the apparently irrevocable course towards its next enlargement. Though hard bargaining on the exact terms of Portuguese entry is not due to begin until after the turn of the year — and will probably last about three years — the principle of its eventual accession already appears established beyond question.

The same can be said for Greece, which has been engaged in membership negotiations since July 1976. Though some thorny issues have yet to be settled, the EEC Commission remains confident that the talks will be concluded by next summer. The Commission has promised also to publish its formal opinion on Spain's application early next year, and formal negotiations with Madrid can be expected to begin by the following autumn.

After some initial hesitation the Community has welcomed all three applications, primarily on political grounds. In Greece's case of course eventual full membership was explicitly envisaged in its 1961 association agreement with the EEC. But the Athens Government has relied heavily on another argument which is equally applicable to Portugal and Spain — namely that membership of the Community, with its vaunted attachment to political stability and the rule of law, will provide a solid safeguard that Greece's newly democratised system will be maintained in the future.

This argument has struck a particular chord with countries like Britain and W. Germany, which place a high priority on the maintenance of Western European security and believe that the EEC can play a valuable rôle in underpinning the cohesion of the NATO alliance. Moreover, memories of Greece's period under the colonels and the turbulent upheavals which followed the fall of the Caetano regime in Portugal remain fresh in the minds of many EEC governments. An outright rejection of the latest membership applications could, it was feared, upset the delicate political balance inside the candidate countries.

Analysis

A less charitable analysis is that although most EEC Governments were aware that further enlargement would pose serious practical problems, none had the courage to suggest an alternative to full membership for the candidates. When the Commission proposed a special "pre-membership" status for Greece in 1976 the idea was shot down by the Council of Ministers after angry representations from Athens. It was apparently easier to say "Yes" to the principle of enlargement and to leave to later the difficult decisions on precisely how it should be done.

Only now are the Nine beginning to address themselves directly to some of the more fundamental issues involved. But most governments feel constrained by domestic worries over low economic growth, high unemployment and the troubled state of a number of older industrial sectors. It is not surprising therefore that their attention has often tended to focus more on ways of defending vulnerable national interests than on the more far-seing exercise of trying to ensure that a bigger Community will function as effectively as possible for all its members.

In one sense Portugal's application presents less daunting problems than those of the other two candidates. Spain in particular is likely to be a formidable competitor in the field of Mediterranean products like wine and citrus, and France has already demanded that these should be subject to minimum prices in a 12-member Community. Italy on the other hand wants the EEC to extend to these items an intervention scheme comparable to those for northern European products like beef and milk—a sure way of creating new surpluses. Moreover, Spanish industry is also likely to provide stiff competition in several key sectors, including car manufacturing.

Portugal, by contrast, is heavily dependent on imported food and is expected to provide a modest new market for some EEC surplus products. Its industrial development is severely retarded, and the one sector in which it has enjoyed any significant export success—textiles—is now subject to strict EEC import quotas. Though these will presumably be lifted after entry, the Portuguese are being actively discouraged from making any further large-scale investment for fear of aggravating the crisis in the Nine's own textile industries.

With Portugal's Gross Domestic Product (GDP) equal to only one per cent of the total for the Nine, the country's entry is unlikely to have much direct economic impact on other members. But its backwardness—GDP per head is less than one-third of the present EEC average and only two-thirds that of Ireland, currently the poorest member—will widen further the disparities in economic performance that are often blamed for impeding integration in the existing Community.

The Commission is concerned that Portugal will fall even further behind unless it is treated as a special case. This may mean that the EEC will have to disregard its policy of scrupulously avoiding in each set of membership negotiations any arrangement which could set a precedent for those to follow. If Portugal were to be offered membership on terms no more generous than those likely to be available to Spain, it would clearly enter the EEC at a major disadvantage.

The Commission is also keen that the EEC should begin as soon as possible an economic development programme intended to prepare Portugal for accession. The need for pre-membership aid is not disputed by the Nine, though no specific sums have yet been agreed. Nor has much work been done so far in Brussels on the types of programmes which might be financed.

The Nine want Portugal to avoid investment in industries like steel, shipbuilding and textiles where there is already surplus capacity in the EEC, but have so far suggested few other sectors which would be appropriate for long-term development. They may have to accept that if Portugal is to become economically self-sufficient in the long run, encouraging its export growth will require some material sacrifices on their part.

Beyond the specific problems posed by Portugal's prospective membership lies a range of broader questions about how a 12-member EEC will operate. Many of the six original members believe that it has functioned less well since Britain, Denmark and Ireland entered in 1973 and fear that unless its institutions and policies are changed, the next enlargement could provoke severe disorders and even paralysis.

One of the most sensitive questions is whether the decision-making mechanisms in the Council of Ministers should be adapted to permit wider application of majority voting. Most of the smaller EEC members favour such a move, and it has also been supported by the Commission. But it is opposed by the bigger countries, particularly Britain and France, which see it as a threat to national sovereignty.

Battle

A decisive battle has yet to be fought over the future of the Common Agricultural Policy, which is unlikely to continue in its present form after enlargement of the Community. Decisions here could have a critical bearing on the role of the EEC budget, three-quarters of which is still spent on agriculture. The economically weaker EEC members would like the budget to become a more effective channel for the transfer of resources, so as to offset the effect of the stricter disciplines to which their entry into the planned European Monetary System (EMS) would subject them.

Their tactics are influenced by the expectation that once enlargement has occurred they will have to face stiff competition from Greece, Portugal and Spain for grants from the EEC regional and social funds. Similarly, advocates of the EMS are pressing to have it in operation as soon as possible, fearing that it could be delayed indefinitely if it became caught up in the enlargement process. Whether the candidate countries will participate in the scheme remains to be seen, and may depend on the amount of resources which the Nine are prepared to make available to strengthen the candidates' economies.

In the Commission's view, largescale aid to the applicants will be necessary if the EEC is to achieve any progress towards the distant goal of full economic and monetary union. But Germany, which would have to provide the bulk of the resources, has shown little desire so far to contribute and its officials have recently voiced misgivings about increasing the existing budget significantly. Bonn is also opposed to extending to the candidate countries the right of free movement of labour inside the EEC, one of the fundamental principles enshrined in the Rome Treaty.

President Giscard d'Estaing of France recently proposed the appointment of "three wise men" to draw up a wide-ranging assessment of the consequences of enlargement on all aspects of the Community. An exercise of this kind could provide the EEC with a general framework for its deliberations which does not at present exist. Just now the only forecast that can be made with any certainty is that the enlarged EEC is likely to be a very different animal from the current one. It has yet to be seen whether its members will be able to control the pattern of change or will allow themselves to be swept along by it.

Guy de Jonquieres
Common Market Correspondent

British Museum

Gainsborough and Reynolds

by ANTONY THORNCROFT

...in motion and done ...with slight airy facility ...Obl it ...ted me. ... So the ...painters Northcote (some... time ... of Sir Joshua ... in later life ... Reynolds finding ... Gains... ...remem... ...borough ... his nephew Dupont sitting ... all night by candle-light ... ng on the shimmering ...cases ... the dress of a whole ... ...inting ... of Queen Char... This quality ... calls ... musical ...tres ... analo ... to mind—interrupted melody: improvisa... snatches ... theme, beautifully ...tioned ... yet equally beautifully ...ended ... ding. Even though as ...ing musician Gains... ...seems to have been a ...born ... natural performer, he could ...transpose the music of ...lity into the medium of ...balk. Unlike his great ...Reynolds, he loved to draw. ...sure he took in it was ...ing no less pleasure in ...listing the exhibition ...orough and Reynolds ...Department of Prints and ...at the British Museum ...uary 14). I discerned a ...murmuration ... in the ... that ... is all that ...cally acceptable light ...now permits, as visitors ...and peered, little sucking of breath, clucking of ...ent, amidst the swirl, and brief settle of flocks of schoolchildren busy on ...s with work sheets.

The exhibition is in three parts: Gainsborough as draughtsman and printmaker in unkind contrast to Reynolds as draughtsman; then a demonstration of the achievement of British engravers, especially the mezzotinters, in the interpretation of primarily Reynolds's portraits; and lastly, Reynolds as collector of Old Master Drawings. It is once again drawn entirely from the Museum's own rich reserves, and I personally am more grateful for these selections from stock than for the more ambitious loan exhibitions that are staged here from time to time. That stock, among the richest in the world, is becoming inevitably not more, but less accessible to the ordinary visitor, as the needs of security and conservation become ever more rigorous. The only way the general public can sample it is through changing exhibitions. The need for conservation again forbids permanent display of perishable drawings and watercolours, and even to discover what the stock consists of is very difficult. The series of modern catalogues of British drawings for example seems to have got into the doldrums familiar to all museums, of catalogue-fatigue; the first and so far only volume to appear was published 18 years ago. That dealt only with the 16th and 17th centuries.

This eighteenth century selection is therefore all the more welcome, and so is the fact that it includes prints. This is another symptom of reviving interest in prints, the neglect of which since the war became at times almost scandalous, until a couple of years ago an irresistible lady from Boston, Eleanor Sayre, came over and inside six months called the print-rooms of museums in Britain to order. Which done, *she returned to Boston*. The mezzotints shown here are brilliant examples of that particular technique at its finest, and it is a technique in which the major British exponents have never been surpassed. On the continent, it became known as "la manière anglaise," while Reynolds is reported as saying that he vested his trust in his own immortality on James McArdell's engravings of his work rather than on the paintings themselves, so liable to deterioration. Loss of interest in mezzotints followed inevitably on the development of photomechanical processes of reproduction, but also to an extent on the number of poor, worn impressions in circulation. Mezzotinted plates wear much more quickly than line engraved ones.

The spectacular quality of the British Museum holdings of proof impressions brings home *the aptitude of the mezzotint to* convey not only the composition of an oil painting but a remarkable black-and-white equivalent of the texture and richness of oil colours and substance. Superbly decorative in their elegance, some of them are indeed more satisfactory than their originals, as the latter now are, owing to Reynolds's notorious use of impermanent colours. Gainsborough, on the other hand, linear and lyrical, did not translate well into mezzotint terms, so dependent on contrast of light and shade; his own soft-ground etching and acquatint techniques, however, managed to capture on the metal plate the swift freshness of his drawing with almost no loss of spontaneity.

Reynolds's own drawings are not shown in such depth (they are rare anyway) and some of them are almost bruising in quality compared with Gainsborough — hasty, rather than swift, aides-memoire noted with out delight. It is all the stranger in the light of the passion for Old Master drawings shown here in the selection from his own collection.

The catalogue is to be saluted —the cost (£3.95 paperback) acceptable in the light of new *assessments notably in the introduction* to the section on Reynolds as collector, and, most remarkably, in that by Antony Griffiths to the mezzotint, a very positive contribution to our uncertain knowledge of production and publication methods, and of the relationship between painters and their engravers.

The Paints and Drawings Gallery opens into the Oriental one, where another anthology again drawn from the Museum's hidden treasures has been mounted (likewise till January 14). The title, "Myth and Ceremony in Islamic Painting," may seem at points of rather tangential relevance, but fair enough just as excuse to assemble such a marvellous array, opened by an astonishing celebration of the Archangel Gabriel proceeding in brisk triumph, clear pillar-box red with *azure wings, from left to* right, blasting his horn. He comes from Baghdad, late 14th century, heralding a sequence that ends with 19th century miniature condensed or potted versions of those Qajar paintings now so valued in the Near East: fairly ferocious dignitaries lurking within thickets of beard under sliced top hats. As so often, the oriental version of Western themes will fascinate the non-specialist observer—like the 17th century Moghul version of the Storm on the Sea of Galilee, translated fairly faithfully from a Western engraving but mounted in a dazzling gilt border of traditional Islamic animal and foliage luxuriance. After that, a rather larger-scale, exquisite study for a female portrait, profile shadowed alongside by a three-quarter view, takes on the allure of a Moghul Mona Lisa (a former European owner has noted on it, surely correctly, that the painter "must have been a man accustomed to see fine women").

This show is in sheer contrast to its neighbour in its brilliance of clear shadowless colour, defined by the purest, unimpassioned profiling line. Its nearest equivalent in British art is the Elizabethan miniature—in the Freer Gallery in Washington *there is in fact a portrait of a* 17th century Moghul potentate, sitting amongst admirers, amongst whom is James I of England lifted straight from a Hilliard miniature, and looking entirely at ease in the exotic company. The Elizabethans however never achieved the admirable formal informality of a contemporary Persian drawing such as that of Abd Allah Khan Ozbek, comfortably seated there about 1590, eating a watermelon with gravely delicate relish.

Mezzotint ... Reynolds: Lady Bampfylde by Thomas Watson

Elizabeth Hall

Cherkassky

by DOMINIC GILL

Every Cherkassky recital, ...each one on... latest journey ...of discovery adventure in ...the land of ... piano, has a ...special mar... kind of distinguishing ... The burthen ...of his ... afternoon, ...me returned to ...again and ... and elaborated ...in as many ...erent lights, was ...the flowing ...abile line. ...It made ... most insistent ...appearance ... his performance ...of the 24 ...pin Preludes—we ...have hear... rkassky play the ...Preludes ...ast half a dozen ...times in ...n during the last ...decade ... each time they ...emerge ... aculously new-minted ... bought, re-heard. ...The one ... C major Prelude ...was ... quite slowly, ...drawn with the same ...breadth ... tenderness as the ...following ... minor. The G major ...piece ... no more than an ...introdu... in one sentence to ...the ... minor, sung slow ...and ... on a single breath. ...Melodi... everywhere were ...shape... ally, propelled by ...ghostl... the two independ... ...of the F sharp Prelude, ...urine quiet and sad: ...ent ... of the E flat minor ...the ... or piccoe a radiant ...song ... mph, with a sting of ...melan... in its final line; the ...penult... F major, a marvel ...of de... and subtle colouring, delivered like the stanza of a song, halted on an E flat question-mark.

There were fine things in his Beethoven Appassionata sonata —not least its glittering momentum, the scrupulous attention to details of phrasing, the rich play of colour in contrasting washes, blocks and layers. But it was in song-like miniature that the recital excelled; six pieces by Alessandro Scarlatti, magical exercises in two-manual harpsichord playing, often quite naughtily registered on the modern piano; and Bach's B flat minor Prelude and Fugue, wholly pianistic in their late-romantic colouring, but wholly convincing, the Fugue grave and serious, *its stretto very grand*.

After the Chopin—a contrast that only briefly jarred with the fierce D minor resonance, still lingering, of the last Prelude—Cherkassky gave Richard Rodney Bennett's short and crisply written Five Studies, and then, for a finale, a splendid account, vividly humorous, of Liszt's Hungarian Rhapsody No. 13. But the real finale was a pair of *encores: aptly, the Schumann-Liszt Widmung* in full and glorious voice, and a last song without words, the C sharp minor Waltz of Chopin, perfectly turned.

Heyer Prize Award

The winner of the 1979 Historical Novel Prize in memory of Georgette Heyer, sponsored jointly by The Bodley Head, Transworld Publishers (Corgi Books) and the Heyer Estate, and worth £1,500 to the winner, is the novelist Norah Lofts for her novel *Day of the Butterfly*.

The manuscript was submitted under the pseudonym of D. H. Ferguson and the author only revealed her real name once the decision of the judges had been made.

Day of the Butterfly is the story of a young girl's rise to wealth from the fringes of the Victorian underworld. It will be published in hardback by The Bodley Head on March 29, 1979, and in paperback by Corgi Books one year later.

Metropolitan Opera, New York

The Bartered Bride

by ANDREW PORTER

After a good start to the season, with the *Tannhäuser* revival and then the new production of *Billy Budd*, the Met took a plunge and produced a *Bartered Bride* as wrong-headed and—even on its own terms, let alone the composer's—as distressing and ineffective as its new productions of *Les Vêpres siciliennes*, *Aida*, *Rigoletto*, and *Le Prophète* and its revivals of *La forza del destino* and *La Gioconda* have been. All these were staged by John Dexter—the same man who in the Met's *Lulu*, *The Carmelites*, and *Billy Budd* and the English National's *Devils* showed himself so potent, astute, sensitive, and, yes, musical a producer.

Maybe it's Dexter's notion that when staging a 19th-century opera his first task must be strip away an audience's preconceptions and destroy the commonly-held view of the opera concerned. But the commonly-held view of a famous work is likely to be the right one, if not the whole truth. The *Aida* triumph scene that Verdi composed is not primarily a sinister, shady representation of a priest-ridden, caste-ridden society's morally shabby celebration. The camp scenes of *Forza* are not primarily an indictment of war. There are elements of truth in Dexter's perceptions; but instead of enriching the audience's perceptions, he *impoverishes* the rich, possibly equivocal, effects intended by the composer.

No one needs telling that *The Bartered Bride* is more than mere folk operetta: there can hardly be a modern producer who has not begun by noting that it deals with real people in real plights, that Marenka is the potential victim of a mercenary contract, Jenik a villager unjustly dispossessed, and Kecal a "fixer" *able to do great harm to people's* lives. On the contrary, what probably does need stressing today is that the opera is also a high-spirited, tender, picturesque, and adorable work. Smetana himself may have been reacting against adulation too solemn and providing a corrective when, at the 100th Prague performance, he described it as "a plaything," composed simply to prove that he was not a heavy Wagnerian but could be as light as Offenbach.

The Met *Bride* plays on a largely bare stage against a blue backcloth with a fringe of slits to allow entrances through it. (The designer is Svoboda.) Dexter would be left with a concert performance had he not invented what looks like a beginner's bright ideas: during Marenka's and Jenik's first scene, one or the other is atop a teetering stepladder; in Marenka's scene with Vasek she darts about gathering eggs. There are also passages of sheer perversity: the polka is a divertissement on a completely bare stage; the furiant—that exuberant outburst when the girls pour into the tavern—is staged as squabble between flighty waiters; Jenik and Kecal make their deal *coram choro*.

Perhaps the show should be lauded for consistency. Casting and translation are equally odd. Destinn, Gadski, Maria Müller, Rethberg, and Novotna form the line of Met Marenkas: now Teresa Stratas plays her as hard little shrew, and she sounds small and pinched. As Jenik, Nicolai Gedda sounds unromantic, and he enacts a blonde, Vasek-like booby. Vasek is Jon Vickers—a Parsifal circled by little boys instead of flower-maidens—Holy Fool or incipient *Peter Grimes? Martti Talvela* barks his way sternly though Kecal's patter without showing a trace of humour throughout the evening—and in incomprehensible accents.

The new translation is by Tony Harrison. Little of it can be heard, and it's not really the singer's fault (except in the case of Talvela). It's awkward for one translator to criticise the work of another, so let me just *suggest that Mr. Harrison* evidently does not share my beliefs that an English version should attempt (1) to use audibly intelligible syntax, (2) to render the sense of the original, and (3) to fit the music without making difficulties for the singers.

Examples, culled from the newly-printed libretto when the words are inaudible in the theatre: (1) "Feast day's feast day"—the car cannot tell whether the *s* is plural, possessive, or, as here, an elided "is": "Women workers, husbands boozers." (2) Jenik's "Though a mother is a blessing, a cruel stepmother's nothing but curse"—Rosa Newmarch's rendering is both literal and singable—is turned into "Home's Moravia, farm and family, but here I sleep in the straw." (3 and 3) Marenka's lovely threefold "I want to live faithful forever" becomes "My life's all finished now"—emotion altered, sustained notes to short *t's* ("fee-neeshed"), and the consonant cluster *shdn* spluttering through the smooth cadence.

The opening lines—they mean "Why not be happy, Since God gives us health"—provide a good pointer. Newmarch has "Come, then let us all be merry,/ Since God gives us health today," which is nearly literal, though "then" in translatorese. Joan Cross and Eric Crozier's "Now's the time for fun and laughter,/ We have earned a holiday" comes over clearly. Harrison, expanding the repeated first line, gives us: "Still got strength, to face the worst with,/Well-brewed beer to beat a thirst with,/We've all earned this holiday"—and "weevil eatned the solid A" unless the chorus adopts an exaggerated staccato.

On the first night, James Levine's conducting was high-spirited, but ruthlessly so. The players, especially the woodwinds, did not have time to enjoy the marvellous music that Smetana has written for them. But Levine's first nights are often driven too hard. There were signs that he loved the score—how could anyone not love it?—and would relax into leading a performance tender as well as brilliant. Then, with a new cast, new scenery, and a new translation, it might be very enjoyable.

Teresa Stratas and Nicolai Gedda

Arts news in brief . . .

Ipi Tombi moves to its new permanent home, the Whitehall Theatre, on December 6. The transfer from the Cambridge Theatre also marks a change of cast—the Academy Theatre Company currently playing a British tour replaces the Brooke Theatre Company, while the latter takes a well-earned rest in its native South Africa before embarking on a new tour of African venues.

★

Prayer For My Daughter, by Thomas Babe, transfers to the Royal Court, opening tonight, Tuesday. It was first produced in August in the Theatre Upstairs and later at the Dublin Festival where the production was seen for one week in October.

★

The Arts Council has approved ten jazz bursaries of between £350 and £750. These were chosen by the jazz sub-committee of the Council's Music Panel from a total of over 70 applications.

Among the leading musicians granted bursaries are trumpeter Harry Beckett, saxist Lol Coxhill, trumpeter Digby Fairweather, bassist Barrie Guy, pianist Howard Riley and reedmen Alan Wakeman and Trevor Watts.

Whitla Hall, Belfast

Gabriella di Vergy

by ELIZABETH FORBES

The Belfast Festival at Queen's University usually presents, as one event among many in a programme bewildering for its range and variety, the concert performance of some long-forgotten opera. This year the treasure exhumed was *Gabriella di Vergy*, a work by Donizetti receiving, at least in this particular form, its world premiere. *Donizetti originally set Tottola's* text in 1826, apparently for his own amusement, as he had no commission for the work. Twelve years later, needing an opera for the opening of the season at the San Carlo in Naples, he reworked the score of *Gabriella* entirely, incorporating sections from several other of his operas, notably *Maria di Rudenz* and *Ugo conte di Parigi*.

For various reasons this version of *Gabriella* was not performed at the time either, though some of the music found its way into *Adelia*. In 1869, more than two decades after the composer's death, *Gabriella di Vergy* was officially premiered at the San Carlo, though the score used was in fact a pastiche drawn from various sources, some of them non-operatic. Recently a manuscript copy of the 1838 version was discovered in the Sterling Library of London University by Patric Schmid, and formed the basis of the performance given by Opera Rara in Belfast.

The plot has the triangular outline familiar from many other Italian operas of the period: Gabriella, mistakenly believing her lover Raoul to be dead, is forced into marriage with Fayel. On Raoul's return he is challenged to a duel and killed by Fayel, who presents a casket containing the bleeding heart of her beloved to Gabriella: she dies of horror and shock. The music, despite its multifarious origins, has surprising stylistic unity, reflecting Donizetti's mature, post-*Lucia* manner of composition. A fine soprano/baritone duet for Gabriella and Fayel in the first act combines new material with music from *Maria di Rudenz*. The rousing second-act finale is mostly new but borrows a section from *Pia de'Tolomei*, while the even more vigorous tenor/baritone duet for Raoul and Fayel leading to their old dates partly from the 1826 version.

In concert performances of opera the conductor bears special responsibility for binding individual numbers into a valid dramatic whole. Alun Francis, who has launched and guided many of Opera Rara's discoveries, kept the pulse of the music flowing strongly, while his feeling for rhythm was a great asset in the cabalettas with which the piece is plentifully supplied. Gabriella was sung by La Verne Williams who, though a throat infection forced her to pace the long first act very carefully, did ample justice to the heroine's extended death scene. Maurice Arthur sang sturdily as Raoul, while Christian du Plessis created a convincing character as the villainous Fayel. Roderick Earle (King Filippo), Joan Davies (Almeide) and Julian Farrell (Armando) made the best of limited opportunities. The Ulster Orchestra and the Northern Ireland Opera Trust Chorus worked hard.

Festival Hall

Mahler's Seventh

by MAX LOPPERT

The cycle of the Mahler odd-numbered symphonies by Lorin Maazel and the Philharmonia was taken a step nearer completion on Sunday with the mysterious, marvellous Seventh. The symphony has not yet suffered the intense over-exposure to which the others are currently prey, probably because of the nine it is the most difficult to pin down, in atmosphere, and in balance of its five very different movements.

Except for one or two rather mean-sounding passages for high violins, the Philharmonia account of the work was impressively well played—Mr. Maazel's skill in controlling large orchestral forces has often been remarked before, and was evident once again. He laid out the score cleanly; there was an always functional understanding of the tempo proper to the character and the shape of each of the movements. Nothing lazy and hasty marred the performance. And yet, to my ears, it was uncommonly plain, lacking for most of its course the qualities of specific colouring (was Mahler's mastery in finding for each movement of a large symphony its own definite atmospheric colouring ever greater than in this work?) or free delight in its myriad picturesque sound inventions.

The second of the two "Night Music" movements, the *Andante amoroso*, summed up the approach. I longed for the conductor to treat each of its instrumental components more lovingly, to render into warmer, softer colours its extraordinary fusion of bucolic good humour and romance, yet in point of clarity, balance, and purposeful forward movement, I could hardly fault his direction of it. The fifth (and final) movement usually causes most of the listener's problems with the work. Strangely, it was Mr. Maazel's most striking success, not the galumphing romp it has sometimes seemed but a well-ordered Rondo rich in incident, a holiday movement in C major with more than a touch of Wagner's *Johannistag* about it.

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The ambitions of China

THE PACE at which China has stepped out of its self imposed isolation and into a central place in world affairs has inevitably aroused some fears in the west. A good many of them are misplaced. It is premature as yet, for instance, to be worried that in providing China with sophisticated modern technology we are helping to promote the growth of a major military and industrial power that we will later come to regret. On most criteria China is still a nation in the early stages of development. This is nonetheless an issue of concern to the Russians and one which has come to the fore over the sale of arms to China. In abandoning its opposition last week to sales of military equipment to China by NATO allies, the United States has taken the sensible view that a China whose economic and trading policies are becoming increasingly entwined with the west is different from the China of ten years ago. The west has an interest in promoting such links and thus in co-operating with it.

Internal strains

The real worry about China as it emerges from its shell is that it is taking on too much and in too short a time both at home and abroad—and with too little regard either for the internal strains that could surface or for the potential strains in its relations with other states. There has rightly been scepticism in the west as to whether China can achieve the massively ambitious targets that have now been set for growth in industrial and agricultural production and whether it is sensible to move at such a hectic pace against the background of China's poor infrastructure. Nobody knows the impact within China—a country that has a strong streak of xenophobia—of so many foreign delegations travelling in the country or of so many Chinese being sent abroad to study.

If such fears have largely been put aside in the west, it is because there is a touching belief that somebody in Peking has added up the sums in China's rapid drive for modernisation and weighed the social and political implications. This is almost certainly mistaken.

Vice Premier Teng Hsiao-peng, the architect of the present policy twice dismissed from power for advocating the greater use of western technology, is an old man in a hurry who believes that only by continually prodding and pressing his countrymen can he achieve results. Not for nothing is he referred to as "the pragmatist" among China's leaders. In the past such attempts at a rapid transformation of the country have either been ignored or ended in disaster.

Western fears

The same picture of a nation over-extended is apparent in foreign affairs and defence. Parallel with the headlong dash for industrialisation, China has stepped up its campaign against the Soviet Union and is embarking on a large programme to modernise its armed forces. Through Chairman Hua Kuo-feng's visits to Yugoslavia and Romania this summer, it has provocatively carried its challenge to the Soviet Union into what the Russians regard as their sphere of influence. Fearful of being encircled by the Russians it has embarked on a movement to outflank them by extending its influence in South East Asia, the Middle East and Africa.

On the West's part, there is again the same temptation to believe that the Chinese know what they are about. Almost certainly this is too generous a judgment. After years of isolation their knowledge of the outside world is limited as is their capacity to judge the repercussions of their actions. In Vietnam, for instance, they have certainly helped press the regime further into the Russians' camp.

While China remained cut off from the world, the West's interest in how it managed its affairs was largely academic. The more closely it is involved with western economies, the more the West has to lose from a repetition of the type of convulsions that marked the Cultural Revolution. At the same time the more active China's foreign policy, the greater the anxiety in the West that China treads with caution. The West has nothing to gain from precipitate Chinese action that triggered off a Sino-Soviet conflict or a war in Indochina.

Mortgage rates back in line

THE RISE of 2 per cent in mortgage rates announced at the end of last week seems to be regarded by most observers as deplorable, and by the building societies themselves as purely temporary. Both views are, to put it mildly, arguable. It helps to put an end to a regime where mortgage rates have been held down, largely for political reasons, with results which have injured both the depositors — the great mass of low income savers — and the housing market. It is more reasonable, then, to hope that rates, having at last been raised to a possibly realistic level, will now be kept there.

Two motives

The Government, it is true, has had two motives for interfering in building societies affairs in the past year. The most important, it can hardly be doubted, was the usual political sensitivity over mortgage rates (especially since they not only affect many voters, but also the prices indices). It was also argued, however, that a sudden increase in mortgage lending would simply drive up house prices without stimulating building, so that it would be reasonable to control the rate of growth of lending.

Since lead times in the building industry are long, a case could indeed be made for building up a reserve of loanable funds earmarked for new construction, but this is not what was done. The societies were simply asked to limit their lending. They consequently took no action when the flow of new savings abated, so that by now the restraint on lending is self-imposed. The funds are not there.

The final result has favoured nobody except existing mortgage holders, who already enjoy more than adequate financial privileges. House prices were not checked, for the good reason that they have more to do with incomes and interest rates than with the total sums available. Construction, which revived only marginally, has now fallen back to the point where the forecast level of completions next year may well be as poor as in the slump year of 1977. Savers have continued to suffer capital erosion, despite the sharp fall in inflation, and the more alert of them have switched to financing the excessive public sector borrowing requirement through national savings. In this rather backhanded way the Government may also have helped to relieve the financial pressure caused by its own policies by dictating to the building societies—another example of the way in which fiscal excess actually damages economic growth.

If any progress is to be made with housing policy during the next credit cycle, the Government will have to decide whether it is more interested in manipulating the cost of housing finance, or is more sensibly concerned with the most constructive use of the sums available in an unconstrained market. The whole history of British policy towards home ownership demonstrates that there is no shortage of potential demand: home ownership is the highest priority of most young couples. It follows that every time an effort is made to reduce the cost of ownership, the only result is to drive up the price, for it simply increases the capital sum which can be commanded by the income which would-be buyers are willing to devote to purchase. The rapid rise in prices this year has partly been a matter of catching up — restoring the normal relation between house prices and incomes; but the speed of the adjustment would have been more seemly had the societies been paying competitive rates of interest.

Incentive

Prices have for the moment reached a level which has restored the incentive for developers to build, but for the moment building is depressed by the evident scarcity of funds. If this whole cycle is not to be repeated, the societies should be allowed to charge whatever rate is needed to finance the demand for house loans. If the Government is politically worried about the level of rates which results, it should respond —to the benefit of industrial as well as of housing investment— with fiscal policies which will produce a better balanced credit market.

Iran's economy comes down to earth with a bump

By ANTHONY McDERMOTT in Tehran

THERE have been few more ironical scenes in the past week in Tehran than the queues of people, either in cars or on foot, carrying plastic containers outside petrol stations, patrolled by the army, for tempers inevitably ran high. Tehran is after all capital of one of the world's biggest producers of crude oil. The petrol crisis has eased since, and it was partly self-created, for Tehranis reacted much as Britons did in the winter of 1973—with panic. At the height of the apparent shortage as many as 200 cars could be counted outside petrol stations in some parts of the capital. This sight illustrated dramatically that Iran's economy is far more vulnerable than the billions earned from oil would have suggested: and that its rulers had never established a proper order of priorities.

Iran's economy has been done lasting damage by the past months' civil disturbance and strikes. The effects of the oil cutback and strikes radiated into every linked sphere of the economy, affecting revenue, transport, industry, foreign confidence, the budgetary deficit and inflation. It has forced on the government a wholesale reappraisal of almost all projects, and of its economic strategy, with the long term effect of making it more of a Middle Eastern country rather than the instant modern state, which the Shah attempted to graft on, in one rush of spending, western technology and industries.

The desperate uncertainty of the political situation is likely to deter virtually all investment — foreign and domestic — and discourage banks from lending. Given even the most optimistic of calculations, Iran is in for two or three years of poverty, compared, that is, with the heady years of spectacular growth between 1974 and 1976 fuelled by the leap in oil revenues after the 1973 Arab-Israeli war. But if there is something to be retrieved from these dire circumstances, it is that during this coming period, Iran's economists may be able to eradicate most of the politically dangerous distortions and illusions and enable the economy eventually to reach a more natural level.

At the heart of Iran's economic problems is the catastrophic drop in oil production. Up to October 2, daily production this year had averaged 5,736,000 barrels/day (reaching 6,074,000 b/d in the Iranian month ending October 22). Income for this year was expected to reach $US 20.7bn. However since the end of October production in the Khuzestan fields in the south west has nosedived to an average of 1.5m b/d, on some days reaching only two-thirds of that. These oil fields are run by a 14-member western consortium (in which BP has a 40 per cent share and Shell 14 per cent), known abroad as Iran Oil Participants.

The minimum domestic requirements, leaving nothing for exports and including crude for refining are 850,000 b/d. But were no more oil to be produced this month and next, income could fall to $US 17bn. In general terms so far the immediate effects have been confined to the postponement of new exploration, and production is being restricted to the easiest wells so as to avoid danger.

It is apparently the solemn intent of the newly-appointed military Government under General Gholam Reza Azhari, the chief of staff, to restore order and to hand government back to civilians. But to most observers this already looks increasingly unlikely—if violence continues in the streets, and as long as the opposition factions are hopelessly divided or under arrest.

Loans and credits

The balance of payments will deteriorate. As well as receipts from oil falling from a projected $20.7bn for 1978-79 to $17bn, on the basis of the equivalent to a two months drop in oil exports, non-oil exports will also continue to fall. While imports are also expected to decline to some $18bn from a projected $21bn, a current account deficit might be expected of about $3bn. Anticipated levels of loans and credits is also likely to be hit.

While the political uncertainty persists, Iran must be regarded as an extremely bad risk, and such lack of confidence has been echoed by Iranians themselves. In the last six weeks they have made withdrawals amounting to as much as 10 per cent of local banks' liquid assets and have transferred in private capital about $1.5bn since the end of June. (Bank Melli which acts as a secondary central bank has recently imposed ceilings of $20,000 per person every six months.) In short, even if the outflow of funds is stemmed an overall balance of payments deficit for 1978-79 is likely of between $3bn and $4bn.

Iran's economy has also been racked by a vast range of strikes not just confined to the crucial oil sector, but affecting public services, rail and air transport, telecommunications, civil servants and schools. Bank Melli has been badly hit and is therefore unable to provide credit and foreign currency to industry for example, already crippled by urban disorder.

As a result much of the industrial sector has been affected and is unable to obtain finance for current operations let alone longer term investment. The combination of the cutback in oil production—nearly 70 per cent of Iran's energy comes from this source—and the lack of funds has meant that on average industry is working at between half and two-thirds capacity.

The strikes have taken their toll in another way. In the hopes of heading them off and preventing them from becoming the political protests they are now, the Government tried to satisfy the workers' demands. It has been estimated that pay and benefit increases in the private sector amount to a 12.5 per cent rise, and this will cost between 100bn and 150bn rials (£724m and £1.09bn) this year.

The budget deficit, already large, is bound to increase still further. To try to cover this the Government printed in September and October 50bn rials in notes to compensate for the withdrawal of funds from banks. Inflation which according to the somewhat dubious consumer price index compiled by the Central Bank had been gradually declining to 7.3 per cent a year in August-September (mainly because of falls in the costs of housing and fuel) is thus bound to rise partly because of increased spending power and shortages of staple consumer goods. If stoppages continue at the ports and customs posts, it could soon be about 30 per cent a year according to a consensus of estimates. Perhaps in the short term the only resort available to the Government is to draw on its foreign exchange and gold reserves which remain quite substantial at about $10bn.

Iran is thus being forced to reconsider its economic priorities and projects in a big way. The process of reassessment had begun during the 12-month premiership of Dr. Jamshid Amouzegar, who was replaced by Dr. Jaafar Sharif-Emami in September. Initially the former had asked for most major projects to be extended, and new ones to be considered carefully.

During the ten-week government of Dr. Sharif-Emami a more formal stocktaking was undertaken, mainly by the Planning and Budget Office, and accelerated after Black Friday, the bloody clashes in Jaleh Square in Tehran on September 8. This has not been published yet, and its fate in the hands of the military is as yet unknown, but it is reasonable to assume that this government and any successor would stick to the new more realistic criteria for spending projects.

First, any project not essential to the running of the country is likely to be postponed indefinitely or even dropped. Secondly, more money is to be spent on housing and social welfare (imposing of necessity cut-backs elsewhere to provide the cash). Third in those industries, such as refining, where there is an overlap between meeting domestic demand and providing exports to uncertain international markets, the emphasis will be put more on the former than the latter with the result that some projects will be developed more slowly.

Thus projects in the oil and gas sectors — notably the long term $9bn gas gathering project in the Khuzestan fields, the desalting plants (shorn of a few elements) and IGAT 2—the second gas pipeline to Russia—are going ahead almost on schedule. IGAT-2 is an interesting example of how even a top priority project, which will not only earn foreign currency but also supply gas for the home market, can suffer from political events. The pipeline is being constructed in three sectors, the first from Kangan to near Isfahan by SAIPEM, a subsidiary of Italy's ENI; the second as far as Qom by a consortium of Iranian, Polish and French companies, and the final section by a Soviet company. Williams Bros. International and IMEG are in charge of procurement, inspection and project management under the name WILMEG.

Construction began in March this year and has been unaffected by the Government's policy of slowing down projects. Its costs were put at $3bn (of which the line itself cost $1.75bn). But it is an indication of how costs can escalate that in January 1977, the whole project was estimated to cost $2.4bn. The rial proportion of IGAT-2's costs is $1.25bn, and as this proportion will be more exposed to inflationary pressures, the costs of the project—assuming a 30 per cent rate of inflation—will have risen by the end of the year to about $3.4bn.

There have been difficulties other than those of escalating costs. The project has stocks of steel from the Ahwaz steel mill sufficient for several months in spite of a fortnight's strike at the mill, but customs strikes on the Turkish border and congestion and strikes at the port of Bandar Shahpur on the Gulf (the entrance for 80 per cent of imported materials) together with oil shortages at Shiraz affecting lorries distributing materials, have, according to computer projections, affected the long term schedule so that the contracted deadline for the first deliveries of gas to the Soviet Union on January 1, 1980, is severely endangered.

Defence cuts

Two major and strategic areas are undergoing extensive changes as a result of the austerity imposed on the economy. The first is defence which absorbed about 24 per cent of the budget in 1978-79. Inevitably with a military government in power some cuts might be reduced, but it is accepted that the purchase of seven early-warning aircraft (AWACs) each costing $250m has been dropped and also less sophisticated fighter aircraft will now be purchased with a saving—though little of it in the present year — of $2.9bn. Secondly, the nuclear programme has now been cut back from 24 units to four—an overall saving of between $35bn and $40bn—two being built by Kraftwerk Union of Germany near Bushire [illegible] by Framatome of [illegible] Darkoui, south of Al[illegible].

In the steel sector, [illegible] sion of the Soviet-built [illegible] at Isfahan is conti[illegible] could well be prolon[illegible] the Government weigh[illegible] comparative merits [illegible] money by importing st[illegible] is expensive to produ[illegible] against continuing w[illegible] project which would [illegible] the industrial base [illegible] country. But the p[illegible] targets are way behin[illegible] planned — 600,000 t[illegible] against 2m tonnes/ye[illegible]

The project for copp[illegible] duction at Sar Cheshme[illegible] Kerman, is very near[illegible] plete and by the end [illegible] year will be capable of [illegible] ing blister copper at the [illegible] 145,000 tonnes/year. B[illegible] under discussions, which [illegible] well lead to this project [illegible] stretched, is the questi[illegible] building a smelter for the [illegible] duction of pure copper. [illegible] money has been allocated [illegible] such additional considera[illegible] as the world price of co[illegible] may result in delays. In [illegible] own ways the delays indic[illegible] further complications in str[illegible] ing projects. For as has [illegible] seen with IGAT-2, [illegible] escalate. In the Sar Cheshm[illegible] case, the project was origin[illegible] due to come on stream in [illegible] and cost $0.7bn, but it [illegible] costs $2bn. As a result, I[illegible] has increasingly been trying [illegible] obtain fixed-priced contracts [illegible] these will be harder [illegible] get in future until such ti[illegible] as there is stability in [illegible] country, and the Governme[illegible] has made plain its priorities f[illegible] the economy.

Otherwise such schemes [illegible] the grandiose Metro project [illegible] Tehran could well be halte[illegible] Surprisingly, it seems that th[illegible] building of a new town in nort[illegible] Tehran—Shahestan Pahlavi—[illegible] likely to go ahead in spite o[illegible] opposition from the munici[illegible] pality. However, such othe[illegible] projects as the expansion of the [illegible] grid system and the building [illegible] of super highways are likely to [illegible] be cut back.

In retrospect, the pity is that the Iranian Government, particularly the Shah in person, was so blinded by the influx of wealth—total fixed investment in the 1973-78 development plan was abruptly raised by 90 per cent in a review—and the apparent possibilities of increasing Iran's influence and standing in the world, that industrialisation was pushed at so fast a pace that the social side effects were neglected. Waste and corruption on an enormous scale has occurred and it has taken countrywide unrest to bring home the acute limitations of trying to buy in and impose over short period a whole generation of Western technology, and the need for a substantial review of future projects.

STATUS OF IRAN'S MAIN PROJECTS

PRIORITY

- Housing;
- IGAT—2 Kangan-Astara gasline;
- Gas gathering project in Khuzestan fields and secondary recovery programme;
- Oil fields exploration and development (slightly held back by strikes);
- Nine power stations;
- Sar Cheshmeh copper plant (almost complete for blister copper: money allocated for development to produce pure copper);
- Tehran Airports;
- Electricity transmission lines.

GOING AHEAD BUT DELAYED OR MODIFIED

- Steel projects (perhaps slowed to concentrate on domestic rather than expert demand);
- Refineries: second Isfahan refinery to go ahead for internal demand: Bandar Shahpur on stream next year.

CUT BACK

- Defence infrastructure and purchases;
- Nuclear projects—only four out of 24;
- Highways: motorways reduced in size, concentration on feeder roads and essential links with ports;
- Telecommunications programme (especially orbiting satellite plans).

MARGINAL

- Tehran Metro: work started on first line of 2.7 kilometres;
- Shahestan Pahlevi—new town in north Tehran.

POSTPONED OR SHELVED

- Electrification of railways;
- Kalingas LNG plant;
- Abadan aromatics plant;
- Abadan luboil plant.

MEN AND MATTERS

Passing up the pie in the sky

IATA, you could say, has become a salesman's dream. Some years ago the annual meetings of the International Air Transport Association were known brusquely to turn away manufacturers' representatives. But now times have changed. The Third World's voice is increasingly heard in the organisation and many of the heads of smaller airlines not merely expect to see manufacturers but themselves come to the meetings to discuss business.

Geneva's bars and restaurants are now rejoicing in this fact, as are the U.S. manufacturers. The latter has been wining and dining big and small, from three-plane lines to the presidents of some of the biggest airlines in the world. Even members of IATA's own executive committee have been spotted on the arms of the Americans at this week's meeting.

But where, oh where, had the bonny British gone? The answer, sadly, was nowhere. British Aerospace tell me that it has "no evidence that anyone has gone to IATA or is going." Why not? "I was afraid you would ask that," came the answer. The spokesman then stressed how the company "was extremely active with the airlines day by day, week by week," that this had been Farnborough year and that it had dealt with many gatherings. But the spokesman added ruefully: "Not to be present at any major gathering may obviously be a missed opportunity. I cannot deny that."

I was told that the company is very active in Romania and Japan with its 111s and has sales teams all over the world for its model 146 feeder-liner. It is also to enter the Airbus consirtium on January 1 and thought that Airbus might be at Geneva this week. In fact, Airbus is absent.

While Boeing, Lockheed, McDonnel-Douglas, and General Electric do their Geneva rounds, another British firm conspicuously absent is Rolls-Royce. This firm told me that it understood the main purpose of the IATA meetings was to discuss fare structures and that it had not considered it "appropriate" to attend. Next year? "I cannot answer. It is not our style," a spokesman told me. Might changing style hel pexports? I asked. "I don't know. We will have to think about it."

Mark two

It is rarely remembered that it was the British police who "resuscitated" the police forces of liberated Europe in post-war days. Even less known is that the man in charge of that operation was also responsible for such UK innovations as radar traps, panda cars, personal police radios, underwater police and "women policemen." That at least is the claim of Sir Eric St. Johnston. But while he says that his European activities were "great fun" he seems to have had a tougher task in the late 1960s when he set out to resuscitate Britain's own police structure.

The phrase panda car apparently came from the comment of one police mechanic on being told to paint a police car: "Have you heard the latest crazy idea of the Chief's? They look like wretched pandas." This is only one of the anecdotes which St. Johnston, who has just published his autobiography, has to tell of his experiences which included terms as chief constable of Oxfordshire, Durham and Lancashire.

His more controversial role was when he became HM Chief Inspector of Constabulary for England and Wales and was asked to see through the regrouping of Britain's 126 police forces into the present 41.

Never a shy man, he tells me that he told Roy Jenkins that he would like to be considered as Commissioner of the Metropolitan Police in the mid-1960s. In fact he was passed over and was too old when the post became vacant and Sir Robert Mark was appointed in 1972. Now he admits that his knowledge is out of date but comments dryly on Marks' attacks on the decline of police protection: "It is probable that he has overstated the case."

Battle of the box

The season of mists and heavy drinkin gapproaches, and with an eye to the Christmas spending spree the firm Alcocheck yesterday mounted a timely attack on the consciousness of the Fourth Estate. The Swedish devise it markets is a small black box which lights up red, amber or green when breathed into by the would-be drinking driver. At around £40 it is claimed to be the cheapest reusable test.

It sounded fairly inoccuous to me, but at the "lunchtime discussion" arranged by the company I was startled by the heat it generated. Two A.A. men took it in turns to slate the little box. "Your client is pie-eyed before he even starts," accused one.

Despite the presence of a road safety officer and the author of a book called The Truth About Breath Tests to extol the box's virtues, the discussion had a fiery tone, helped perhaps by Alcocheck's dispensing of the necessary preliminaries for a meaningful test. But even outside the confines of this lunchtime discussion, the box and its ilk seem to have few friends despite claims that it is very accurate if used correctly, and no more encourages excessive [illegible]king than a speedometer encourages speeding.

The R.A.C. was worried about drivers being "lulled into a false sense of security." The Department of Transport pointed out that alcohol was only gradually absorbed into the blood. Half an hour after the test, and perhaps a gin and tonic later, the alcohol level could well be 10 or 20 per cent higher.

Only at the Home Office was there some support for machines, but of a quite different kind. It is evaluating the results from testing three different U.S. devices costing about £1,000 each which measure alcohol levels to a high degree of accuracy. If the 1976 Blenner Hassett report is implemented these will eventually seal the fate of the 50,000 motorists who are prosecuted each year. At present it can take up to 12 months for the medical evidence to be assembled, but if the machine is given rada status an offending driver could find himself in court even before his hangover has worn off.

On command

Seen pinned to the coat of a violin-playing busker in a Kensington street: "Playing here by special request of people elsewhere."

Observer

مكتبة الأصل

مكتبات الأصل

Some car operations 'at risk beyond recovery'—Michael Edwardes, chairman, BL

Crash course for BL at Drews Lane

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

Ashley Ashwood

[T]HE APPROACH of the U.S. [mo]tor industry multinationals to [lab]our relations in Britain looks [al]most timid compared with the [pres]ent tough stance of Mr. [Mich]ael Edwardes, the BL chairman, and his management team. [In] the face of a strike by 3,500 [wor]kers at a BL components factory, which has already halted [the] Austin-Morris car assembly [and] made more than 20,000 [wor]kers idle, Mr. Edwardes has [ref]used to shift ground. "The [com]pany will not pay more [rega]rdless of how long the [em]ployees at Drews Lane [rem]ain on strike," he has [decl]ared.

[At] the Rover plant, Solihull, [cont]ractors have been called off [...] and work halted on the [...]m programme for doubling [outp]ut of the highly successful [Ran]ger Rover and Lander-Rover [mod]els. The price for Board [appr]oval of the project is an [und]ertaking from workers to [oper]ate a double shift system [and] the sort of working practices that will produce the [exp]ected high level of profita[bility].

[T]he chairman has not only [told] national union leaders and [sho]p stewards that there must [be] a dramatic improvement" [in p]erformance but has made it [clear] that the Board would not [seek] a £300m tranche of [gov]ernment money next May [unle]ss it was convinced projects [wou]ld be commercially viable. [Th]e threat of withholding in[vest]ment is given credibility by [the] fact Mr. Edwardes stuck to [his] word in chopping £32m [of] capital spending by [Ley]land Vehicles at Bathgate [foll]owing a recent damaging [stri]ke.

[W]ithin the cars group 32 rebel toolmakers at SU Fuel Systems were forced back to work last week without any gain after a 14-week strike which at one time threatened another total stoppage by toolmakers. Even the present 5 per cent pay offer has been tied neatly into a total package which involves productivity improvements and acceptance of more than 7,000 voluntary redundancies.

Ambitious plan

The strength of Mr. Edwardes' present negotiating position derives less perhaps from the weapons at his disposal than from the circumstances under which he took control. By November last year it was obvious that the ambitious expansion strategy drawn up by Lord Ryder after the collapse of British Leyland in 1975 was in tatters. Prospects of the cars division retaining its 30 per cent share of the UK market and an annual output of 1.2m vehicles had receded, not just as the result of labour problems but because of the lack of new models, and of poor management and under-investment during the previous decade.

For the Labour Government, anxious to distance itself from the Ryder Plan which it had previously backed, a management reorganisation presented the ideal opportunity for a change in direction. The difficulty in finding an executive with the seniority to shoulder the unenviable task of British Leyland gave the advantage to Mr. Edwardes in negotiating for himself the terms and necessary freedom of action for unpopular decisions.

Perhaps his most significant gain was to free the company from the "good behaviour" clauses under which the release of state finance was conditional upon performance. Once broad programmes have been given approval by the National Enterprise Board and Parliament, it is for the BL board to take the commercial decisions.

The chairman's position is also enhanced by the fact that the Government can detect political advantage in taking a strong line on Leyland: the continued failure of the state-owned concern to take advantage of its opportunities has eroded public sympathy for the workforce, and increased support for pay restraint.

Perhaps the best indication of the commercial freedom that Mr. Edwardes has won for himself was the decision to close the Speke assembly plant on Merseyside, with the loss of 3,000 jobs. Such a move in an area of high unemployment and of traditional support for the Labour Party was regarded as unthinkable by a number of Mr. Edwardes' advisers.

Few shop stewards believe Mr. Edwardes would now meet with any government interference in closure proposals. The trade unions within a state-owned company find themselves confronted by an employer who can not only threaten an investment freeze and a cut in jobs but can also draw authority from the Government in support of his 5 per cent pay offer.

It is against this negotiating background that the walk-out by 3,500 at Drews Lane should be viewed. The dispute represents, admittedly in an extreme form, the issues confronting Mr. Edwardes in raising UK productivity levels to those of continental competitors: the problem of the wildcat strike and the legacy of slipshod work practices.

Management presented the broad details of its proposed pay deal to shop stewards at 10 am more than a week ago. By 3 pm the same day, and before any explanation of the benefits on offer to the workforce had been possible, a somewhat confused mass meeting voted to walk out next day.

The reason why the Drews Lane men "walked" at a time when the big plants like Longbridge and Cowley were prepared to consider the company's offer owes something to tradition. Because of its strategic role as a supplier of a wide range of components, particularly suspension and steering systems, the factory has always exerted considerable muscle at Austin-Morris. Within days of the last big strike there in 1974, management conceded the workers' demands.

There was a clear, if somewhat naive belief among some Drews Lane stewards that Mr. Edwardes was susceptible to pressure. The fact that the stoppage has had such an immediate impact upon production is in large measure due to stock shortages following a series of disputes during the past two months.

Production workers at Drews Lane found that under the "measured day work" system of payment introduced 10 years ago, it was possible to perform the allotted tasks comfortably within the eight hour day and go home anything between a few minutes to three hours early.

In recent weeks management has cracked down on abuses of the system and it claims that the plant was working "almost normally" before the walkout. The fact that such practices existed, however, is a serious indictment of the way successive BL managements have operated the day work system.

In theory, industrial engineers—better known as "the time and motion men"—carry out an objective measurement of how long operations should take and payment is made accordingly. In practice, however, shop stewards tend to intervene and haggle about the price for the job much as under the old piece-work system of payment. The fact that some groups of workers were able to complete their duties up to three hours before the end of the day is an indication of how far weak managements were prepared to compromise about standards in a plant known to be crucial to production schedules.

Mr. Edwardes has warned the workers that a strike lasting half as long as the current six-week stoppage at Ford Motor could put a large part of the car operations "beyond recovery." Hopes of ending the Drews Lane dispute must rest with the leadership of the Amalgamated Union of Engineering Workers: the Birmingham East District Committee has already instructed the men to return to work. Failure to get official backing for the dispute is bound to increase unrest among those members who felt the walkout precipitate. Collapse of the Drews Lane strike would be a serious blow to the militants and make it very difficult for shop stewards at plants like Longbridge and Cowley—who have adopted a more circumspect response to the company pay offer—to stage similar action.

The length of the stoppage will be crucial to the damage inflicted upon the company. Jaguar, Rover, Triumph (JRT) is less dependent upon Drews Lane and may not be affected for another week or so. Many dealers report that BL stocks are currently higher than for several years and that the dispute, provided it is settled quickly should cause no serious problems. The principal BL fear is that publicity surrounding the strike will damage confidence among customers and distributors which is already fragile.

Most groups

Management must hope that any disruption will be confined to Drews Lane because the pay package on offer is tailored to meet the aspirations of most groups of workers. In addition to the 5 per cent annual wage increase, most employees will also receive "parity" payments back-dated to the beginning of this month. The programme to achieve parity—the same wage for the same job regardless of plant—by November 1 next year must be self-financing and the company is therefore seeking 7,000 voluntary redundancies.

For Drews Lane the 5 per cent plus a parity payment would mean an immediate increase for production workers of nearly £8 a week to £79.95, and for skilled men a rise of £8.50 to £85. The benefits available to skilled workers under the parity programme should do much to erode support for the militant campaign led by Mr. Roy Fraser and his unofficial Toolmakers' Committee. At Longbridge and Cowley, plants with large toolrooms, skilled men will get an immediate increase of around £10 a week.

Much public attention has focused upon the militant noises from stewards at Cowley and Longbridge in pursuit of demands for increases well over 30 per cent. But as they are two of the lower paid plants, they stand to gain rises for production workers of around £8 a week. Nor will the top rate factories, such as Jaguar and Triumph, at Coventry, lose out: the company's proposed new five-grade pay structure should ensure additional increases of around £2 a week for many workers.

Details of where voluntary redundancies will be required and how performance must be improved in order to finance parity are now being circulated within plants. Mr. Bill McLean, BL cars employee relations director, has stated firmly: "We want to pay more but any increase has to be earned. But we make no apology for that."

There is likely to be no shortage of volunteers to leave. The problem, as Leyland discovered in the past, is how to get the workers who remain to produce the same volume of vehicles. The company will monitor progress and hopes to be able to make the parity payment before Christmas. Many shop stewards do not share management's confidence and are pointing out to workers that tempting as the pay package might be, it is conditional upon a level of performance yet to be achieved.

The prospect of still higher earnings has been held out by the company under its proposed incentive scheme. This could yield up to £15 a week for a 20 per cent improvement in performance. But the price management is demanding for the deal seems likely to prove too high for shop stewards in their present mood. The company is saying that if there is parity in pay there should also be parity in effort: industrial engineers should be allowed to begin to standardise work measurement throughout all 36 factories.

At the moment, as at Drews Lane, standards vary widely between factories. Many shop stewards believe that once industrial engineers are allowed the proposed degree of authority, their own ability to haggle about the speed of the job will be lost and with it their power. Mr. Edwardes and his team are taking a tough line, but they are aware that they are only just beginning to approach the fundamental obstacles to improved productivity in the British car industry.

Letters to the Editor

A market for steel tubes

[Fr]om the Projects Manager, [...]ak Industries

Sir,—I have been most in[tri]gued to read in Engineering [To]day (November 6) how the [Britis]h Steel Trades Confedera[tio]n considers the planned expan[sio]n by Natural Gas Tubes of its [pla]ce making capacity in South [Wa]les to be a threat to its [me]mbers' jobs at the British [Ste]el Corporation's tube works at [Cor]by. Mr. Homewood, a repre[sen]tative of the ISTC claims that [the] Corby plant is only working [at] 55 per cent of capacity. Mean[wh]ile BSC is estimated to supply [...] per cent of the market for [...] with the remaining [ma]terial coming from abroad.

[T]he reason for my interest in [th]is matter is simply that at the [beg]inning of August as the first [ope]ration in building a new fac[tory] we and our steel work con[tra]ctor set out to purchase the [ste]el we required. I, though [pos]sibly not our contractor, was [som]ewhat surprised to find that [BS]C could not supply all the [str]uctural steel tubes that we [req]uired off the shelf from its [Co]rby employed plant. We were [for]ced to purchase our 220mm [dia]meter tube from stockholders [nat]urally at a premium price [whi]le we were unable to satisfy [our] relatively modest require[men]ts for 168mm diameter [str]uctural tube from any avail[able] source. We are thus forced [to w]ait nearly three months until [BSC] rolls more of this material, [wit]h the result that our already [tig]ht building programme is [del]ayed by at least six weeks.

[A]t a time when the Govern[men]t is pressing industry to in[vest] in new plant and buildings [I fin]d it incredible that there [sho]uld be any delay whatsoever [in o]btaining common steel sec[tions] from our nationalised steel [indu]stry. While our contractor [and] architects believe that the [pers]onnel with whom we deal at [BSC] are doing everything [with]in their power to be helpful [I wo]uld nevertheless be interested [...] to hear from Mr. Homewood [as a] representative with some [auth]ority from BSC Corby why [ther]e should be any delay in [deliv]ery at all.

[...] Schumann,
[...]ak Industries,
[...]en Way,
[Kin]g's Lynn Industrial Estate,
[Kin]g's Lynn, Norfolk.

Freedom under the law

[From] Mr. G. Wolf

[Sir],—The letter from Mr. Best, [chair]man of the British Legal [Asso]ciation (November 9), is [most] interesting. I am sure most [peopl]e would agree with him in [the] majority of his remarks [abou]t freedom under the law, [but t]here are three small points [I wou]ld like to make.

[Th]e idea of the craft guild [as] a good thing is question[able]. Craft guilds were bigger [and] better monopolies and [jealo]usly protected by members [of th]e guild. Although there is [an] attempt to prevent com[merc]ial monopolies forming in [the] UK, the forming of trade [unio]n monopolies is encouraged [and] one is continually hearing [that] there are too many small [...] unions and there should [onl]y be one or two big ones.

[Imm]unity from the general law [that] Mr. Best alleges trade unions [pos]sess is surely part of that [gener]al law, a paradox which [can o]nly be resolved by a change [in th]at law.

[Fro]m the tone of Mr. Best's [rema]rks I assume that he and [the] British Legal Association [have] campaigned strongly in favour of the proposal that solicitors shall no longer have monopoly of property conveyancing.

G. S. D. Wolf.
34, Harley Street, W1.

Closed shops

From Mr. M. Greener

Sir,—Might I challenge the statement by Mr. S. P. Best (Nov. 9) that, unlike the trade unions, "the learned professions do not operate closed shops and the ranks are open to any of the requisite character and ability (whose) fitness to practice is acknowledged." As he admits, this "fitness" is determined by very many years of study and the passing of very arduous and demanding examinations. What he does not add is that in many professions, as in my own as a member of the Institute of Chartered Accountants, continual membership is absolutely dependent on the payment of very high annual subscriptions.

It has always seemed to me to be totally unreasonable and a quite serious denial of the democratic principle (Mr. Best's "Freedom under the Law") that having satisfied examiners of one's proficiency in a defined field and paid the entrance fee demanded in addition to the annual subscriptions, those who, like myself, use the knowledge acquired in training in areas outside those occupied by practising accountants cannot use the letters designating recognition of proficiency unless we continue to pay out large sums of money annually to a governing body whose services we do not require. If I do not pay up by a certain date, in any year, I shall be "struck off" irrespective of whether or not I have committed any offence in breach of professional duties. If this state of affairs is to be distinguished from the "closed shop" to which Mr. Best objects it can only be achieved by semantic gymnastics to which few could honestly subscribe.

Michael Greener
9, Romilly Park,
Barry, S. Glam.

No seat at the cinema

From Mr. D. Howson

Sir,—Nigel Andrews, in his article (November 10) on the London Film Festival, suggests several films which he labels as "required viewing"—I only wish it were possible to view them.

I have been a member of the National Film Theatre for very many years but in 1976 and 1977 did not manage to purchase one ticket for any film of my choice at the festival even though I had asked for single tickets at a wide selection of films.

This year, being a very great fan of Borowczyk, I thought I would be clever and ensure at least one ticket by only asking for a single seat at his film "Behind Convent Walls"—for the third year running my cheque was returned with a polite regret notice. How can "required viewing" be implemented.

D. L. Howson.
The Bungalow,
38, Oakhouse Road,
Bexleyheath, Kent.

Above average intelligence

From Mr. B. Cole

Sir,—Fortunately the employment problem is not as hopeless as Mr. Lisney (Nov. 9) fears. An excess of job openings suitable only for above averagely intelligent people would perhaps be a problem, but is unlikely to exist. "Skilled labour" does not necessarily need high intelligence. Indeed, "intelligence" is not usefully treated as a single characteristic, any more than "skill" is. Skills are acquired by learning and practice: this needs motivation and application rather than intelligence.

The way to provide motivation is to set the people free, to allow the market to operate by increasing the differentials between skilled and unskilled labour. Reduce government interference in the market, and the monopoly power of trade unions, and we may not need job creation schemes or a four-day week.

B. A. Cole.
"Drake Wood," Devonshire Ave.,
Amersham, Bucks.

Transport in London

From the Leader, Greater London Council

Sir,—It seems a little surprising that Nigel Seymer (November 9) in calling again for a balanced transport programme for London should ignore that (in the planning stages at least) it now exists.

He does not much like the rail tunnel proposal for Woolwich or the completion of the Jubilee Line through docklands; he even questions whether the first can stand on its own, although I can assure him that it does—in terms of planning, transportation, and finance.

What he misses is that the Greater London Council's road and industrial assistance programme over the next 15 years amounts to £1.1bn and the public transport programme (excluding the Jubilee Line) to a little less. This strikes me at least as being a reasonable balance.

The roads programme includes many of the improvements in docklands that he puts forward. What it does not and will not do is to cater for massive inner city road building (at motorway standards, perhaps?) which I suspect is what he wants to see.

If the Jubilee Line is taken out of docklands strategy the whole plan falls apart, years of work are wasted, and millions go down the drain. I am not prepared to allow people who can discern only the individual strands and not the pattern of the whole thread to sabotage the greatest social and economic opportunity London has ever had in modern times; I will therefore continue to oppose the "roads at all costs" brigade.

Horace Cutler.
County Hall, SE1.

Changing jobs

From Mr. J. Donovan

Sir,—A further slant to the problem of transferring pensions. An employee may become redundant, and there may be no company to receive his funds. If he is an older man he may not find employment, or he may not be able to secure pensionable employment. Or he may set up on his own.

If he should die before retirement age, or before making a transfer, or unable to make a transfer, his beneficiaries will receive the shock that only part of the transfer value falls into his estate. The previous employer will receive a quite unexpected return of "benefits"—surely quite inequitable, and unintended.

A solution is certainly required to these problems.

J. E. Donovan.
"St. Joseph's,"
56, Molesey Park Road,
East Molesey, Surrey.

Transferring pensions

From Mr. R. Bankes-Jones

Sir,—Michael Brown (November 10) and others on the subject of pension transfers might find the following actual examples of interest. One person worked eight years for an industrial concern: another some three and a half years for a nationalised industry. Both were around the age of 30 and a bit apart in salary. Simultaneous transfers to the same private sector fund would secure one year two months' back service to the eight year person and four and a half years' back service to the three and a half year person.

The difference (unknown to the individuals) looks only at the receiving end, but is entirely due to wide divergence of provision at the exporting ends. It could be that in equity (not for uniformity) the industrial concern is mean and should do more; and that the nationalised concern can afford too much and should do less.

R. M. Bankes-Jones.
154, Palewell Park,
East Sheen, SW14.

Thirlmere and Haweswater

From Mr. A. Hughes

Sir,—Mr. R. Camplin (November 10) refers to the rights of "lovers of the Lake District" in his plea for recreational facilities on and around the lakes of Thirlmere and Haweswater.

I wonder if he fully appreciates how all the facilities, such as car parks, roundabouts, laybys, garages, toilets, snack bars, souvenir shops, caravan sites and litter bins, would automatically proliferate if the two large and centrally situated lakes were to be sugested.

Far too many people seem to proclaim themselves as "lovers of the Lake District" while, albeit unwittingly, constantly eliminating the natural life, sights and sounds of this beautiful part of England.

A. N. E. Hughes.
Sunny Bec,
Windermere, Cumbria.

Symmetry of obligation

From Mr. J. Richardson.

Sir.—If pay policy is to be "enforced" by the application of some kind of government sanction on the employer, it is clear that the ultimate sufferer from such punishment is the ordinary shareholder. I do not suggest that he has any special ground for complaint about this—"his" management must do its best for him in conditions as they are, and if continued production with sanctions is the better option, then management is entitled to choose it. Even a collective bargain, however, has to have two sides to it. Why is there no corresponding penalty on union funds when their managements break the same guideline? Symmetry of obligation is, after all, the name of the game in another context.

J. P. Richardson.
Humphrey's End, Rectory Lane,
Stevenage, Herts.

Today's Events

GENERAL

Mr. Len Murray, Trades Union Congress general secretary, and rest of negotiating six, report to TUC economic committee on the protracted series of talks with Ministers on prices, pay and inflation—to be followed by special meeting of TUC general council.

Balance of payments current account and overseas trade figures for October.

Portuguese President General Eanes arrives in UK on State Visit.

President Daniel arap Moi of Kenya on visit to France—talks with President Valery Giscard d'Estaing.

Second day of European Central Bankers meeting, Basle.

Mrs. Margaret Thatcher, Conservative leader, visits Institute of Indian Culture, Castletown Road, W.14.

Regent Street illuminations to be switched on by Prince Charles.

Mr. Sunao Sonoda, Japanese Foreign Minister, visits Prague, Czechoslovakia.

King Hassan of Morocco begins two-day State Visit to Washington.

Organisation for Economic Co-operation and Development high-level meeting in Paris of development assistance committee.

Lord Mayor of London attends Court of Alderman at Guildhall.

PARLIAMENTARY BUSINESS

House of Commons: Motions on EEC documents on enlargement of the Community, the display and pricing of foodstuffs and on groundwater pollution.

House of Lords: Electricity (Scotland) Bill (consolidated measure) second reading. Legal Aid (Financial Conditions) Regulations 1978. Legal Advice and Assistance (Financial Conditions) (No. 2) Regulations 1978. Legal Advice and Assistance (Scotland) (Financial Conditions) (No. 2) Regulations 1978. Legal Aid (Scotland) (Financial Conditions) Regulations 1978. Debate on when the Government proposes to re-equip the Queen's Flight with modern aircraft.

Select Committee: Joint Committee on Statutory Instruments (Room 4, 4.15 pm).

COMPANY RESULTS

Final dividends: JCEG, Smiths Industries. Interim dividends: Advance Laundries, Arbuthnot Latham Holdings, Control Securities, John Foster and Son, HAT Group, Land Securities Investment, LCP Holdings, Sketchley, W. H. Smith and Son, Young's Brewery.

COMPANY MEETINGS

Armstrong Equipment, Waldorf Hotel, WC, 12. Lockwoods Foods, Long Sutton Spalding, 12. Stoddard, Elderslie, 12.

COMPANY NEWS

Improved trend continues in Unilever's third quarter

THE IMPROVING trend which became apparent at Unilever in the second quarter of 1978 has continued in the third quarter.

Total pre-tax profits in the third quarter are ahead by 18 per cent to £171.2m and follow a second quarter gain of 13 per cent. Together these rises have offset the downturn in the initial quarter leaving the taxable balance for the first nine months 8 per cent higher at £467.6m.

In Europe results from the edible fats, frozen products and detergents businesses were again well up on the corresponding quarter, the directors report.

In the face of poor demand toilet preparation results were lower than in 1977. On the industrial side results from chemicals showed an improvement, but paper plastics and packaging were lower. Animal feeds did well.

Partly reflecting heavy advertising expenditure, total North America results were below the 1977 quarter. National Starch figures have been included from August 13, making a worthwhile contribution.

The directors state that the UAC International group again achieved good results. Associates continue to make a satisfactory contribution but less favourable economic conditions in Nigeria are beginning to show their effect.

Elsewhere overseas sales and profits continued to be very good with significant contributions from detergents, edible fats and toilet preparations.

Combined external sales in the third quarter showed an increase of 9 per cent to £2.49bn—of this increase about 6 per cent arose from greater volume. Total sales for the first nine months emerged 6 per cent better at £7.26bn.

Third quarter attributable profits show an increase of 21 per cent to £81.2m while for the nine months they come out 8 per cent ahead at £212.1m—split as to Ltd £110.4m (£109.8m) and NV £101.7m (£85.9m). Earnings per 25p of capital are stated at 37.1p (32.69p).

Unilever Limited and Unilever NV have declared interim dividends of 8.52p (7.64p) and Florins 3.40 (same) respectively. The weakening of the pound against the guilder gives rise to the higher payment for Ltd.

The balance of Ltd's 1978 interim, amounting to 3.32p per share, and the deferred balance of 1977 and earlier dividends amounting to 25.54p per share making a total of 28.86p per share, will be paid when circumstances permit. An additional 0.11p will be paid on December 22 in respect of part of the 1977 final reflecting the lower tax rate.

See Lex

C. E. Heath expands 20% to £6.54m for six months

PRE-TAX profits of C. E. Heath and Company rose by 20.1 per cent from £5.44m to £6.54m for the six months ended September 30, 1978, following an advance for the whole of the previous year to a peak £14.83m.

Mr. F. R. D. Holland, chairman, states that while the group has to operate in more difficult conditions, with the weakening of the U.S. dollar and the overcapacity in the world insurance markets, there are still good prospects for reasonable growth for 1978/79.

After tax for the period of £3.4m (£2.53m) and minorities £7,000 (£80,000) the profit came out ahead at £3.13m against £2.53m. Earnings are shown as 10.7p (8.8p) per 20p share, and the interim dividend is increased from 1.452p to 1.621p net. Also announced is an additional dividend of 0.05086p for 1977-78 on the reduction in ACT—last year's final payment was 3.42906p.

	Six months 1978	1977
	£000	£000
Broking		
Brokerage	[illegible]	[illegible]
Invest. income interest	[illegible]	[illegible]
Expenses	[illegible]	[illegible]
Underwriting		
Fees and ov'riding com.	[illegible]	[illegible]
*Underwriting profit	[illegible]	[illegible]
Investment inc. interest	[illegible]	[illegible]
Expenses	[illegible]	[illegible]
Other operating income	[illegible]	[illegible]
Operating profit	[illegible]	[illegible]
Interest paid	[illegible]	[illegible]
Other inc. expenses	[illegible]	[illegible]
Profit before tax	6,538	5,442
Tax	[illegible]	[illegible]
Minority interests	[illegible]	[illegible]
Profit	[illegible]	[illegible]

* Net of expenses.

The major proportion of insurance broking is contributed by the UK companies, Mr. Holland explains, and although income is up, the progress has not been uniform across the group. The North American operation is showing healthy growth but the marine company's results reflect the problems affecting the marine insurance market.

● comment

About a half of C. E. Heath's insurance brokerage income is in U.S. dollars. So the adverse movement of the dollar against the pound in the group's first six months has clipped back a possible 21 per cent rise in broking incomes (if exchange rates had remained unchanged year on year) to 13 per cent. Adverse currency movements on the underwriting side—principally the movement of the Australian dollar—reduced revenues by £170,000. But broking incomes have not only been affected by currency movements. Depressed premium rates in the marine market have hit the group's commission earnings, and other markets, although holding up well, are becoming more competitive. Heath's expense ratio has climbed over four percentage points due mainly to the slower income growth; Heath say that expenses in fact are in line with budget. But the 20 per cent rise in taxable profits owes much to the near fourfold increase in operating income derived from higher yields on investments, and a better utilisation of group cash. Heath should make £17.3m for the year (including about £750,000 first time contribution from Grounne Sorinks in the second half). On that basis the shares at 250p stand on a prospective p/e of 8.6, and yield, assuming a total dividend increase of about 15 per cent, 3.4 per cent. They are likely to move in line with sector.

The group's underwriting operations were up by 18.1 per cent; the major contributor was Australia, where satisfactory progress is being made.

BRYCOURT IN LIQUIDATION

Shareholders of Brycourt Investments yesterday voted in favour of a resolution to put the company into voluntary liquidation. The liquidator, Mr. M. C. Bird, is proposing a first capital distribution of 128p per ordinary share on top of the second interim dividend of 1.35 to be paid on November 21.

RIT puts interim up

THE DIRECTORS of Rothschild Investment Trust announce an interim dividend of 2p net per 50p share against 1.5p last time, costing £442,199 (£294,642).

Although the company's interim figures for the 1978/79 year will not be published until next month they give the net asset value per share, at November 7, 1978, as 299p.

● comment

Rothschild Investment Trust's net asset value at November 7 was around 10 per cent higher than brokers' portfolio models were suggesting and the net interim dividend is raised by a third. The dividend increase may largely reflect a more balanced spread between interim and final payments but there should be room for a less increase for the year as a whole. Even after rising 4p to 191p the shares stand on a discount of 36 per cent to asset value, against 28 per cent for the sector as a whole, and yield an above-average 5.5 per cent on a historic basis. But the market has tended to worry about the realisable value of RIT's unlisted investments, and its unusual portfolio makes it an unlikely candidate for, say, a pension fund to take over. Any re-rating will depend on what answers the full interim figures, due in December, give to questions about the overall dividend, about what is being done with the proceeds of the Magnum sale, beyond the share stakes already taken in Godfrey Davis and Royal Worcester, and about how much of the trust's assets will be kept outside the UK.

CU passes £100m mark as underwriting losses cut

A REDUCTION of £21.2m in underwriting losses and an advance of £9.4m in investment income were the two main factors in lifting the pre-tax profits of Commercial Union Assurance by over 50 per cent in the first nine months of 1978. The pre-tax figure for the period reached £101.1m compared with £66.7m for the corresponding period last year and the £99.8m for the whole of 1977.

World-wide premium income over the period showed a decline of 3 per cent in sterling terms to £850.4m. But allowing for changes in exchange rates, the underlying growth was 4 per cent. Mr. Jack Emms, chief executive, pointed out, however, that this rise was below the target of 10 per cent for the year.

In the third quarter there was an underwriting profit of £3.9m and the overall loss for the nine months was reduced to £0.4m, compared with £21.6m. The U.S. had a good third quarter experience and moved into an overall profit situation of £1.4m, while the UK showed a profit of £3m. The Netherlands recorded the worst trading position with a loss over the nine months of £8m but this was 25 per cent lower than in 1977. A complete turnround was recorded for the rest of the world with a profit of £3.6m compared with a loss of £7.2m. The only territory to slip back was Australia which moved into a loss situation.

The company reports that the U.S. situation has been achieved despite the worst weather for five years. The third quarter was profitable especially the property classes. However, there was a warning that the market was becoming increasingly competitive and the downturn in underwriting was still expected next year.

In the UK, the motor account is still just managing to keep profitable, but the domestic householder account is still in a loss-making situation. There is a problem over rising crime rates affecting this account and warnings of selective rate increases on contents insurance were given by the company. But it was emphasised that no rate increases are contemplated on building insurance. The other accounts remained buoyant.

Mr. Emms reported that a loss in Holland was expected. However the rate increases implemented at the beginning of the year were leading to a continued improvement in underwriting results, particularly in the motor account. Providing there was not a repeat of the dreadful fourth quarter results of last year, the account in Holland should show an appreciable improvement over 1977, though still not acceptable.

Although there was a modest improvement in Australia in the third quarter, trading conditions remain unsatisfactory, with intense competition especially for fire business. There was a break-even position in the third quarter for Canada and the account continues to show a small profit. There were improved results for most other territories and the marine and aviation results for the 1976 underwriting year are expected to produce a profit when the account is closed at the end of 1978.

There was a 10 per cent improvement in investment income reflecting the growth in funds available for investment, including those arising from improved underwriting results. Investment income totalled £105.2m against £95.8m for the same period in 1977. After allowing for the changes in exchange rates, the rights issue of 1977 and the acquisition of Estates House Investment Trust, the underlying growth in investment income was slightly higher at 11 per cent. The solvency margin remains about the 52 per cent level pertaining at the time of the rights issue.

	Nine months 1978	1977
	£m	£m
Premium income	850.4	875.5
Investment income	105.2	95.8
Life profits	10.5	9.8
Underwriting loss	0.4	21.6
Loan interest	14.5	17.3
Profit before tax	101.1	66.7
Tax and minorities	39.6	20.7
Attributable	62.5	46.0
Earnings per share	15.20p	13.46p
Shareholders' funds	£646m	£515m

See Lex

HIGHLIGHTS

The upturn in consumer spending in Europe that was noticeable in the second quarter at Unilver has continued into the third, but trading in the U.S. was depressed as a result of a major advertising campaign in the detergents and toiletries product. The new terms have been announced for the agreed takeover of **John Haggas** by **Dawson Int.** and these are more favourable to Dawson than the original terms which were effectively blocked by the abortive bid for Dawson by Wm. Baird. Lex also takes a look at **Commercial Union** which has produced third quarter results with an underwriting profit helped by an improvement in most territories.

Lake and Elliot optimstic

THE IMMEDIATE outlook for the steel foundry companies at Lake and Elliot is improving with the prospect of more substantial orders. Also the valve industry, which has been operating at a low level for some years, shows signs of improvement and increased overseas orders are expected says Mr. Peter Lake, the chairman.

In weak markets that persisted throughout the year group sales were £18.83m (£18.25m) and taxable profit for the year to July 31, 1978, reached £1.62m (£1.32m). The net dividend is 3.8987p (3.4914p) per 25p share—as reported October 10.

During the period the factory of Clef Services International SA was sold, producing a surplus of £60,000 which has been largely applied to the reduction of overseas bank borrowing. Year end total bank loans and overdraft amounted to £816,000 (£943,000) and funds showed a net outflow of £515,000 (£147,000).

A professional valuation of land and buildings indicated £1.5m excess over book value which has been taken into the accounts. Plant and machinery was put at about £6m against a retained book value of £1.5m.

Turnover and profit was split as to engineering £11.63m (£11.44m) and £387,000 (£12,000) and foundry £7.2m (£6.8m) and £1.25m (£1.11m).

Compensation of £13,000 was paid to a director for loss of office.

Meeting, Waldorf Hotel, WC, on December 5, at noon.

Norwest Holst looking good

TAXABLE PROFIT was up £169,777 at £2,003,548 for the six months to the end of September, 1978, and the future looks good at Norwest Holst, the directors state. Though concerned about certain aspects of the national economy they are confident that the company's present momentum will enable them to meet the challenges ahead.

The civil engineering and building contracting group, which in September acquired McGregor Group, a heavy civil engineering concern, last year lifted profit from £3.23m to a record £5.16m.

Turnover for the first half reached £53.38m (£46.48m). The tax charge was £1,041,845 (£934,998) leaving earnings per 25p share ahead at 10.4p (9.9p) basic or 9.2p (8.1p) fully diluted.

The net interim dividend is raised to 1.5972p (1.452p) and costs £146,794 (£132,077). A total of 4.5845p was paid for 1977-78.

After an extraordinary credit of £170,000 (debit £160,836) the attributable balance was higher at £1,131,703 (£729,135).

● comment

Norwest Holst's interim profits are ahead by a modest 9 per cent. The wet weather slowed down the earth moving activities, but the upturn in the property market led to higher profits in this division. Property development now accounts for about a tenth of turnover against less than 7 per cent last year. Overseas activities are limited and there is only one contract of any importance. Norwest Holst is a sub-contractor on a flour mill and grain silos development in Iran. Despite the troubles in that country there has not been any problems for the development and the company's financial exposure is very small anyway. Civil engineering in the UK is still the backbone of the group and here trading is steadily improving—the current work load stretches a year ahead. Overall profits could reach £5½m pre-tax this year with a first time contribution from McGregor for six months. At 87p the shares stand on a prospective fully diluted p/e of 3.6 and yield 8.8 per cent, but the current DoT investigation is bound to affect sentiment.

Wm. Boulton starts well

An encouraging start to the current year has been made by William Boulton Group with sales and order books at higher levels than for the same period of 1977-1978, Mr. Denis Fabey, the chairman, states.

He attributes this better position to the company's efforts over the past few years in establishing new product and customer markets rather than to any general improvement in the economy.

The group will be further strengthened by its new acquisitions which give it an additional product and market scope, he adds.

A significant contribution to the company's profit growth from £0.92m to a record £1.37m pre-tax in the year to June 30, 1978, was its performance in overseas markets. Exports were a peak £2.37m (£2.57m), out of total sales up from £18.05m to £20.32m as reported October 18.

Trading profit up from £1.28m to £1.75m was split as to process plant £885,000 (£822,000), engineering £791,000 (£432,000) and other activities £76,000 (£23,000). Exports were derived as to £1.34m from Western Europe, £440,188 from Eastern Europe, and £1.8m from elsewhere.

The net dividend is effectively lifted to 1.219p (1.092p) per 10p share and the group is planning to make a rights issue to raise £1.32m.

Since June 30 the group has acquired Service (Engineers), Whitfield Wylie and Graemross Plant and Equipment.

E. J. Riley £0.5m—pays 2.6p

IN THE first full year of trading since the merger of E. J. Riley and Headcrest Investments in May, 1977, the directors of E. J. Riley Holdings report pre-tax profits of £496,913 on turnover of £4,952,421 for the year ended July 31, 1978.

The combined profit of the two companies prior to the merger for the 1976-77 year was £402,... on turnover of £4,794,232.

The directors state that the current year has started well and providing trading conditions remain buoyant, prospects for 1978-79 are encouraging.

Against a forecast of 2.5p for the year, the dividend for the period is 2.6p net per 10p share with a final payment of 1.6p. Earnings per share are shown as being 4.92p, and 4.66p fully diluted.

Tax for the year was £250,347 with an additional £8,112 for prior years, and there was an extraordinary debit of £9,266. The amount retained was £96,946.

The group's activities are concentrated on snooker tables and the manufacture of upholstered furniture.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Clydesdale Inv.		1.3	Jan. 10	1.17	1.9	1.68
Clydesdale Inv.	int.	0.7	May 28	0.6	—	1.9
Concentric		1.68	Jan. 3	1.55	2.68	2.4
Cope Sportswear	int.	0.1	Jan. 5	0.09	—	0.18
Elswick-Hopper	int.	0.45*	Feb. 1	0.4	—	0.9
Harrisons & Crosfield	int.	6.5†‖	Dec. 8	4.38	—	21.78†
C. E. Heath	int.	1.62	Jan. 4	1.45	—	4.93‡
Impala	**1st int.	4	—	4	—	18.4
Norwest Holst	int.	1.59	Jan. 8	1.45	—	4.58
E. J. Riley		1.6	Jan. 11	—	2.6¶	—
Rothschild Inv.	int.	2	Dec. 22	1.5	—	7
Seccombe Marshall	int.	5.5	Jan. 2	5	—	13.47§
Unilever Ltd.	int.	8.52	Dec. 22	7.64	—	32.44††
Unilever NV	int.	Fls.3.40	Dec. 21	3.40	—	8.56

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.05098p for 1977-78. § Includes 0.1264p for 1977-78. ¶ Compared with prospectus forecast of 2.5p. ‖ To reduce disparity. ** South African cents throughout. †† Includes additional 0.11p.

Bryant may have overprovided by as much as £1m

Bryant Holdings, the West Midlands building and property group, may have over-estimated the £2.6m provision for losses on a Saudi Arabian military contract by as much as £1m, Mr. A. C. Bryant, the chairman, admitted yesterday.

He was commenting on a qualification in the annual report and accounts which states that auditors Touche Ross and Co. are unable to satisfy themselves whether or not £1m of this provision is required.

Mainly because of this provision the group's pre-tax profit for the year ended May 31, 1978, dropped from £2.66m to £0.61m. In his annual statement Mr. Bryant says the directors considered it prudent to make ample provision to take account for any adverse development.

He said yesterday that the directors expected no further provision for losses on this contract, which was expected to be completed by July, 1979. The company has guaranteed a performance bond of just over £1m in connection with the completion of the Saudi contract.

The problems over the contract, which led to the resignation of Mr. Eric Gould, managing director of C. Bryant and Son, were mainly of a local nature, the chairman says. They included communications difficulties with the outside world and prolonged delays over getting work permits for expatriate Pakistani and UK personnel.

Mr. Bryant says the problems have produced "stresses and strains on the Board," and that Mr. Gould's resignation "was in the best interests of the company." Future Saudi contracts will have to be considered very carefully, he adds.

A director, Mr. R. H. D. Hawkins, claimed that Marchwiel Holdings, the building, civil engineering and public works contractor, was at some stage during the financial year considering opening bid talks with Bryant. As a result Bryant decided to appoint Robert Fleming and Co. as its new financial advisers to avoid a situation where both companies had the same merchant bank—Hill Samuel.

The accounts recall that on April 20 C. Bryant and three former directors of that company were convicted on corruption charges. The company was fined £0.26m together with court costs. In addition, the group paid the defence costs of two holding company directors, a subsidiary company director and a former director, all amounting to £0.37m which has been charged against extraordinary credits of £0.85m.

The balance-sheet shows a small increase in reserves from £4.99m to £5.18m while deferred tax is up from £4.84m to £5.15m. Stock and work in progress has dropped from £9.19m to £8.6m. Net borrowings have been reduced from £6.58m to £3.81m, compared with shareholders' funds of £10.43m.

First half rise for Cope Sport

FOR THE first half of 1978 taxable profits of Cope Sportswear advanced £70,000 to £285,000 on turnover ahead from £3.18m to £4.06m. Profit for the whole of 1977 was a record £433,000.

Mr. Sydney Cope, the chairman, states that accounts for the third quarter of the year show that the increased level of trading is being maintained and he is confident that this momentum will continue during the latter part of 1978.

New ventures in the manufacture of ladies' leisurewear and in retailing of household textiles, entered into during the earlier part of the year, are now trading satisfactorily, he adds.

After tax of £148,000 against £112,000 for the first half the net profit came out at £137,000 compared with £103,000 giving earnings of 1.11p (0.84p) per 5p share. The interim dividend is effectively raised to 0.1006p (0.091p), net—last year's final was an adjusted 0.0901p.

Seccombe Marshall falls behind

In the half year ended October 1, 1978, Seccombe Marshall and Campion has traded profitably in spite of the rise in short-term interest rates.

But profitability has been considerably less than in the corresponding period of 1977-78.

The interim dividend is stepped up from 5p to 5.5p net per £1 share, and there is an additional .1284p to add to last year's total of 13.3419p. In that year net profit fell from £472,000 to £404,000 after tax and transfer to contingencies reserve.

Enlarged H & C over £21m at six months

ENLARGED BY the merger with Malayalam Plantations (Holdings) and, for part of the period, by other acquisitions, Harrisons and Crosfield reports profits of £21,137,000 before tax of £9,829,000 for the first half of 1978. Turnover amounted to £302m.

The figures reflect the merger with HME for the whole of the six months and the takeovers of Malayalam Plantations (Holdings) and Harcros Investment Trust with effect from February this year.

For the previous first half the original Harrisons and Crosfield group showed taxable profit up from £10.54m to £12.56m and earnings per £1 share of 22.6p. It was estimated in May that for the whole of 1977 earnings adjusted for the acquisitions would have been equivalent to 44p. The published pre-tax profit was marginally up from £23.17m to £23.39m.

Earnings for the half year now are 21.9p and to reduce disparity the net interim dividend is 6.5p costing £2.98m, compared with 4.38p paid on the smaller capital. Following the offer for HME a final of 17.4p was paid last time.

Midway profit comprised operating surplus of £19,728,000, investment income of £758,000, and share of associates at £1,416,000, less interest of £765,000.

In the recent annual report from HME the directors said that the drought conditions which prevailed in Malaysia during 1976 and 1977 affected crops adversely for the year to March 31, 1978. They fell short of the previous year's figures, particularly during the first three months of 1978.

Except for the timber division, which suffered from thinner margins both in the UK and the East, all other divisions of H and C produced satisfactory figures, the directors comment.

After minorities of £1,754,000 attributable surplus emerged at £9,554,000 of which preference dividends took £60,000.

The results of all new subsidies and associates have been consolidated in the half-year accounts for the time they have been a part of the group with the exception of London Sumatra Plantations for which no interim figures are available. The group's shares of this associate's performance will be included at full time.

● comment

It is impossible to make much sense of Harrisons and Crosfield's interim statement. The group is still in the process of digesting the acquisitions of Malayalam Plantations and Harcros Investment Trust plus the huge merger with Harrisons, Malaysian Estates and so has not yet been able to provide comparable figures against which to judge the latest performance. For what it is worth earnings per share of 21.9p are fractionally down on the outturn last year: first-half profits of Sabah Timber (already published) are 25 per cent down and the problem here seems to be thinner margins both in the UK and the Far East. As for HME (H and C owns 80 per cent) which last year made pre-tax profits of £24.9m, it still seems to be suffering the after-effects of the Malaysian drought of 1976-77. In the absence of further information it would probably be fair to double up the first half earnings per share to get some idea of the full year's outturn. This would give eps of 44p for the year to December 1978 (roughly unchanged) although some brokers are pitching for a figure closer to 50p. At 512½p the shares yield 7 per cent assuming the maximum permitted dividend increase.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Advance Laundries, Arbuthnot Latham, Commercial Bank of the Near East, Control Securities, Globe Investment Trust, HAT Group, LCP Land Securities Investment Trust, J. N. Nichols (Vimto) Northern Goldsmiths, Sketchley, W. H. Smith, Smiths Industries, Young and Co's Brewery.

Finals—JCEG

FUTURE DATES

Interims—

Black Arrow	Nov. 21
Davis (Godfrey)	Nov. 16
Deritend Stamping	Dec. 15
Evans of Leeds	Nov. 21
Exchange Telegraph	Nov. 23
Fertleman (B.)	Dec. 5
Fine Arts Developments	Nov. 25
Hinton (Amos)	Nov. 22
James (Maurice)	Nov. 17
London and Midlands Industrials	Nov. 17
Milbury	Nov. 22
Monks Investment Trust	Nov. 22
Pilkington	Dec. 6
Renold	Nov. 23
Rothmans International	Nov. 23
Scottish and Universal Invests.	Nov. 30
Tesco Stores	Nov. 22
Western Motor	Nov. 17

Finals—

Brown (Matthew)	Nov. 27
Fisher (Albert)	Nov. 22
Kelsey Industries	Dec. 5
Scottish and Mercantile Invest.	Nov. 16
Scottish Investment Trust	Nov. 23
Serck	Dec. 13
"W" Ribbons	Nov. 17

Guardian Property sees £800,000

Though the political climate remains unstable Guardian Property Company should show steady progress in the current year with taxable profit advancing to a record of some £800,000, Mr. Leslie H. Smith, the chairman, forecasts.

The company has only two properties vacant. One of 4,000 sq ft is expected to be let shortly after renovation and the other is being refurbished and subdivided into four units totalling 17,000 sq ft of which one is let and negotiations are in hand for two others.

The sale of the company's residential properties was completed in September last year and, with part of the sum realised, two good freehold commercial properties have already been acquired and the directors continue to look for further suitable property investments the chairman adds.

The rent roll and rents receivable were little changed at £720,323 (£718,006) for the year to June 30, 1978, due to the sale of the residential interests which meant rent attributable to this source was cut to less than a quarter.

However the disposal produced a reduction in property outgoings and other related costs and pre-tax profit emerged £87,593 ahead at £632,228—as reported October 20. The net total dividend is raised to 2.69p (2.1045p) per 25p share.

Contracts for capital expenditure at year end amounted to £150,000, and working capital was up £379,840 (£203,446).

At October 19 this year, Allnatt London Properties, of which Mr. Smith is also chairman, held 2.4m shares; Chase Charity, of which Guildhall Property director Mr. A. Ramsay Hack is a member of the management council, held 1m shares and Barings Nominees 0.9m shares.

Meeting, Winchester House, EC, on December 5 at noon.

JFB looking forward to prosperous future

BY KEEPING a tight control over costs and operating with the best equipment available, Johnson and Firth Brown can look forward to a prosperous future, says Mr. J. M. Clay, the chairman.

The company has now completed its offer for Weston-Evans. The final terms involve the issue of 5.65m JFB ordinary shares and payment of £4.17m in cash. The company had, earlier, bought 0.47m shares in Weston-Evans for £0.76m cash.

Based on the group's latest balance sheet, the agreements for the purchase of Glossop Superalloys at August 3, the balance sheet of Weston-Evans at March 31, and taking account of the acquisition of Aurora shares and the sales of Mitchell Somers shares, the combined balance sheet of JFB at June 30, 1978, would have shown capital employed marginally lower, from an actual £127.75m (£102.29m) to £126.98m.

Also—with the previous year's actual figures in parentheses—bank balances and cash at £783,000 compare with an actual £3.68m (£430,000), short-term investments of £825,000 compare with an actual £1.05m (nil) and bank overdrafts of £2.73m compare with an actual £3.97m (£12.92m).

As reported September 15, the group's taxable profit improved to £12.26m (£11.12m) on turnover of £229.7m (£200.3m) and the net dividend is effectively raised to 4.7593p (4.2621p).

On a current cost basis along the Hyde guidelines, profit would have been cut to £4.3m by additional cost of sales of £3.6m and extra depreciation of £7.3m offset by a gearing adjustment of £2.9m.

A geographical analysis of sales and trading profit, which was marginally down at £15.14m (£15.44m), shows with £000s omitted: UK £182,018 and £13,444; rest of Europe £24,613 and £695; North America £10,856 and £294; and elsewhere £12,235 and £702. Direct UK exports were up from £30.9m to £41m.

Because of the inconvenience caused to the group's financial staff the company's year end is being changed to September, beginning in 1979.

It is proposed to increase authorised share capital by £2m to £37m, which will increase the margin of unissued and unreserved capital, after the Weston-Evans deal, to £2.41m.

Clydesdale Investment

A final dividend of 1.3p net per 25p share for— shareholders of Clydesdale Investment Company lifts the total for the September 30, 1978 year from 1.675p to 1.9p.

Also announced is a 0.7p (0.6p) net interim payment for the current year.

Revenue for the 1977-78 year came out ahead at £2.11m against £1.7m before a tax charge of £885,305 (£674,350).

BIDS AND DEALS

New Dawson offer values Haggas at some £25m

Dawson International, the luxury yarns and knitwear group, yesterday unveiled a revised agreed £24.9m cash and share offer for John Haggas, the Yorkshire yarn spinner, which it hopes will put an end to a triangular takeover melee that began two months ago and included a bid for Dawson by William Baird, its major shareholder.

Dawson is now issuing five of its shares (before adjusting for the scrip issue) for every nine Haggas shares compared with two for three under the first scheme. An unchanged 100p cash is also being paid for each Haggas share.

William Baird intervened to prevent the previous merger being completed because it felt the proposals favoured Haggas shareholders. It is not known how Baird will react to the latest offer but Mr. Stanley Field, Baird's chairman and a director of Dawson, was notified of the proposals last Friday. Mr. Donald Par, his alternate on the Dawson Board, attended yesterday's meeting which ratified the new offer. There is no indication that he either opposed the new terms or obstained from voting.

Mr. Alan Smith, Dawson's chairman said that he was not anticipating any opposition to the revised terms. "Had Baird been going to oppose them, it would have said so today," he said.

Based on a price before suspension of 179p for Dawson, the latest offer values Haggas shares at 199½p compared with the price of 205p under the original proposals. Haggas is forecasting a full year pre-tax profit of not less than £4.8m which gives a fully taxed prospective exit p/e of 10.8. *Haggas's balance sheet includes* £12.4m of gilts. If this is stripped out and the interest earned deducted from the pre-tax profits, the exit p/e is 8.6.

Under the offer, Haggas shareholders will receive 10 ordinary Dawson shares (equivalent to five Dawson shares prior to the scrip issue) and £9 cash for every nine Haggas shares they own. Members of the Haggas family, who own 5,833,720 shares, have agreed to forego Dawson dividends declared before April 1, 1980. Remaining shareholders will not get the Dawson interim, payable in January, but the new shares will rank pari passu with existing shares in all other respects. Haggas shareholders are entitled to the Haggas final dividend which is payable on November 27.

Irrevocable acceptances have been given covering 50.54 per cent of the Haggas capital and the Board of Haggas, together with Singer and Friedlander, its financial advisers, are recommending that shareholders accept.

See Lex

JENTH/MOWAT OFFER CLOSED

Jenth, the private Jersey investment group which bought a 61.7 per cent stake in Wm Mowat from the directors, announced yesterday that its obligatory offer for the remaining shares had closed without revealing whether it had received acceptances from any other shareholders.

Already Mowat's board is changing to reflect the new ownership, and a rights issue is planned for a few weeks time.

EMI (AUSTRALIA)

EMI (Australia) which is 60 per cent owned by the British group, has purchased from New South Wales Printing Company, a subsidiary of Smith and Lane Holdings, the plastic card manufacturing business known as Mastercard Manufacturers. The cash *consideration was £128,000.*

Mastercard Manufacturers is the largest plastic card manufacturer in Australia, and the purchase will assist the early introduction into the Australian market of the "watermark" secure magnetics system for credit cards developed at EMI's central research laboratories.

TALBEX & HOSKINS SUSPENDED

Share dealings in Talbex and Hoskins and Horton were suspended yesterday pending an announcement which is expected to be made in the next two to three days.

Talbex has been widely expected to bid for the Birmingham-based hospital equipment supplier ever since shareholders authorised the proposed takeover at the company's recent controversial EGM.

For 10 days talks are known to have been at an advanced stage but neither side was prepared to comment yesterday.

Talbex was suspended at 15p, Hoskins and Horton at 168p.

STANDARD CHARTERED

Standard Chartered Bank has taken a further step in its proposed $372m acquisition of Union Bancorp, the sixth largest bank in California.

The application for the acquisition has been accepted by the Federal Reserve Bank of San Francisco, the local arm of the supervisory authority. It still faces the hurdle of gaining authorisation from the Federal Reserve Governors in Washington.

COMBEN/ORME

The revised offer by Comben Group for Orme Developments has been accepted in respect of 16,784,971 Orme shares (91.3 per cent). The balance will be acquired compulsorily.

In consequence, Comben has ceased to be a subsidiary of Carlton Industries which now owns 49.1 per cent of Comben. Carlton is 51.9 per cent owned by Hawker Siddeley Group.

PLANTATION HLDGS.

Sir Douglas Clague has resigned as a non-executive director of of Plantation Holdings. The group is currently the subject of a bid by Multi-Purpose Holdings and Sir Douglas would normally have resigned after completion of the take-over.

But, since he is abroad, it would have been inconvenient for him to put his name to documents relating to the bid, so he has resigned now.

SHARE STAKES

Moss Engineering Group: Britannic Assurance Co has increased its holding in the company to 500,000 ordinary shares (10.33 per cent).

Stewart and Wight: Mr. M. B. Conn, director, now has an interest in 12,941 ordinary shares (26.53 per cent) and 13,249 preference shares (32.53 per cent).

J. Saville Gordon Group: Mr. J. E. Willetts, director, purchased 50,000 shares.

British Electric Traction: Mr. W. M. Dravers, director, has disposed of 60,000 deferred ordinary shares.

Inter City Investment Group: Mr. J. Harris, chairman, now has a beneficial interest in 1,173,312 ordinary shares (13.6 per cent).

Winterbottom Trust: Equity Law Life Assurance Society has acquired a further 25,000 ordinary shares thereby increasing its holding to 1,490,000 shares (31 per cent).

General Stockholders' Investment Trust: Mr. W. J. R. Govett, director, disposed of 300,000 ordinary shares on November 8, 1978.

Investment Trust Corporation: Possfund Assets has acquired a further 6,852,895 ordinary shares, and a further 31,543 preference shares. Possfund now holds 236,513,665 ordinary shares (97.8 per cent) and 2,133,466 preference shares (98.15 per cent).

Ferguson/Randalls: Ferguson Industrial Holdings has bought 10,000 Randalls Group shares at 106p ex-dividend increasing holding to 654,857 shares (25.75 per cent). Randalls has accepted an alternative offer from White croft, the textile and building supplies group.

David Dixon and Son Holdings: Davis Investments (Jersey) has disposed of its entire interest of 110,000 shares (7.56 per cent).

Expansion at Paterson Zochonis

ONCE AGAIN, the increase in operating profit and the substantial growth in turnover of Paterson Zochonis in 1977-78, have come largely from the group's West African operations, Mr. J. B. Zochonis, the chairman says in his annual report.

Although trading conditions have become more competitive, the volume of business of the associated companies continues to grow due to heavy demand for their products and in particular those products made in Nigeria, the chairman says.

For the year ended May 31, 1978, group turnover increased from £146m to £214m and pre-tax profit was up to £19.48m against £18.27m. Operating profit rose 6 per cent to £15.59m.

In the current year, all areas of group operations show a further increase in turnover, but due to the continued rise in costs and pressures on margins, returns so far received show profits to be only slightly higher than for the same period last year.

The issue of shares by Thermocool Engineering Company, Nigeria, which gave rise to a reduction in group interest from 100 per cent to 60 per cent was successfully completed during the year, says Mr. Zochonis.

Meeting, Manchester, December 4 at noon.

NEWMAN INDS.

Shareholders in Newman Industries approved the acquisition of Avdel International at an extraordinary general meeting yesterday.

Therefore an application has been made to the Stock Exchange for a listing of the preference shares to be issued by way of a placing and for the new ordinary shares to be issued by way of rights.

Near £1m drop at Concentric

THE DIRECTORS of Concentric report taxable profits for the year ended September 30, 1978, down from £2.45m to £1.51m after being behind at £614,000 against £1.19m at halfway. Turnover was ahead by 5 per cent to £33.23m but was lower in volume terms, they say.

At the interim stage the directors said that there were signs of an improvement in the second half, compared with the first period's result, although not sufficient to enable to ground lost to be recovered.

They now say that as recently as two months ago the company had been optimistic regarding the outcome of the 1978-79 year, but that now national industrial problems make any forecast unwise.

Including deferred tax, earnings per 10p share are shown as more than halved from 11.73p to 5.29p and 3.74p (6.31p) after deducting deferred tax. The dividend for the year is stepped up to 2.67531p (2.3958p) net with a final payment of 1.67531p. The total amount absorbs £505,790 (£452,952).

After a difficult start, the domestic control subsidiary took a significant step towards recovery and is now benefiting from the long awaited upsurge in the demand for gas appliances.

The two industrial controls and the plastic component subsidiaries all improved on the preceding year's results and the non-ferrous foundry did relatively well, directors state, without reaching last year's figures.

However, the companies supplying the automotive industry suffered from the recession in the tractor market and the troubles elsewhere.

After tax of £513,958 against £236,601 the profit available came out at £999,841 compared with £3.22m last time, and of the retained balance of £494,051 (£1.78m), some £293,765 (£1.02m) represents deferred tax not expected to be payable in the foreseeable future.

● comment

After a disastrous first half, Concentric has experienced a somewhat better second six months although profits are still 28 per cent down on the equivalent period. With the increase in demand for gas appliances the domestic control side has picked up strongly, but the results in this division are still below last year. The industrial side and the plastic component company with its wide range of products have both advanced. But the group's exposure to the automotive sector—probably between one-quarter and one-third of sales—has caused its downfall. Tractors and the whole diesel market, to which Concentric supplies pressings and pumps, have been particularly depressed this year. Meanwhile industrial problems have recently added to the agony. Perhaps wisely, in view of past finger burning, no forecasts have been ventured this time although the outlook for some of the subsidiaries looks reasonably bright. At 37p the shares are on a p/e of 6.7 although the yield of 11.3 per cent shows that the market does not appear to rate recovery prospects very highly.

ASSOCIATES DEAL

Panmore Gordon bought 7,000 Midland Educational ordinary shares at 240p, on November 10.

Brooke Bond against Indian wages resolution

A RESOLUTION is to be tabled at next month's AGM of Brooke Bond Liebig Group seeking "a significant improvement in the wages and conditions" of employees on Indian plantations. But the board, led by Sir Humphrey Prideaux, chairman, strongly urges holders to reject it.

In a letter to holders the chairman states that the board fully endorses the aim of improving wages and conditions on tea estates in India; but he feels that the adoption of the resolution could be interpreted as an indication that its achievement is within the board's control.

In a lengthy statement the chairman says that the board is well aware of the gap between the living standards in countries producing tea, etc., and those in western society. But he claims that there are severe practical limitations on what BBL as a foreign company can do to bridge this gap.

In India BBL is responsible for about 2 per cent of the country's tea estates. The chairman says that the group is able to operate there at all only with the consent of the Indian government and the local community. "It is impracticable for us to break away on an independent line of our own."

The chairman points out that wage rates have been increased during the year to June 30, 1978, by between 7 per cent and 18 per cent according to region and productivity agreements. Also expenditure by group estates in India on housing, medical and labour amenities is a large and growing sum, he adds. In 1978-79 the group estimates that such expenditure will amount to Rs 24.9m (£1.63m).

In his annual statement, Sir Humphrey reports a capital expenditure programme over the next three years amounting to some £62m. There are also capital resources earmarked for expansion by acquisition.

The chairman says that the group's cash position is strong and he sees no threat in the short-term to the group's ability to expand but he feels some concern at the longer term prospects for the food industry as a whole if margins do not improve.

The chairman says that it is too early to make a forecast for the current year. The movement of tea prices is unpredictable while the supply and demand position remains in such a delicate balance; and the tea price is the single most important factor influencing profits.

In the year ended June 30, 1978 group profit before interest showed a reduction from £57.18m to £48.99m. Within these figures the contribution by tea, coffee and other food products was down from £32.73m to £23.84m while plantations were unchanged at £20.6m (£20.31m). A geographical analysis reveals that profits from UK and Ireland were down from £22.99m to £15.53m.

Group profit before tax came through at £44.7m (£49.3m). On a current cost basis under the Hyde guidelines the pre-tax profit is shown at £47.9m (£16.1m), after cost of sales adjustment credit £10.6m (£41.8m debit), depreciation £6.5m (£7.3m) and gearing debit £0.9m (£15.9m credit).

Criticising the Price Commission report, the chairman says that it took some 10 months to produce at substantial cost; hasty acceptance of its conclusions by the Secretary of State paralysed the market without any benefit to the consumer; and the price of tea today is exactly what it would have been if the exercise had never taken place.

Net liquid funds at the year-end stood at £7.59m (£14.83m net bank borrowings). Total borrowings showed a reduction from £115.9m to £90.35m.

Meeting, London Press Centre, EC, December 8 at 11.30 am.

Elswick Hopper warning

SHAREHOLDERS in Elswick-Hopper are warned that there could be a shortfall in profits this year on the £1.05m achieved in 1977-78, although in the first half of the current year they are up from £350,000 to £451,000.

The directors explain that a shortfall could arise unless demand for agricultural machinery shows a marked upturn in the final half. Nevertheless, all companies are in excellent shape and able to take advantage of any upturn in market conditions.

Agricultural and engineering divisions both had a successful half-year. Despite a recession in agricultural machinery. Turnover has been maintained at last year's levels but at somewhat lower margins.

Business has been brisk in both bicycle companies. Turnover and profits are also being maintained at Picador Engineering.

With the rights issue in June, the directors forecast a minimum dividend of 0.99p net per 5p share. They have declared an interim of 0.45p (0.4p) and expect to recommend a final of 0.54p (0.5p).

	Half-year 1978 £000	1977 £000
Turnover	7,676	5,402
Profit	451	305
Taxation	117	85
Net profit	334	252
Extraord. debit	†10	—
Available	324	252
Dividends	123	72
Retained	201	180

† Closure costs of Purdue Construction, which ceased trading in May.

In the absence of available figures, the comparative for the half-year to July 31, 1977, has not been adjusted to reflect the results of B. H. Brown and Falcon Cycles, acquired during last year. The tax charge has, however, been restated to reflect the change in treatment of deferred taxation.

TILLING'S 2M ACQUISITION

Thomas Tilling is buying a Kent based industrial cleaning equipment maker in a deal worth £2.2m.

Cimex International, which operates from Kent, will get 1.87m Tilling shares. Cimex had total sales of £5.2m in the year to March and made pre-tax profits of £474,000. Its products, which are exported to Europe, the U.S. and the Middle East, will be incorporated in Tilling's engineering sector which includes companies already involved in industrial hygiene.

CENTRAL AND DISTRICT PROPS.

Owing to a last minute technical matter, the 1977-78 annual report and accounts of Central and District Properties, a wholly-owned subsidiary of Town and City Properties, have been delayed.

The accounts, which were to have been posted during the six months period following the March 24 year-end, are now expected to be released in about 10 days.

MINING NEWS

مكتبات الأصل

Impala's wary view of platinum prices

BY KENNETH MARSTON, MINING EDITOR

A WARNING that "we could well see a further decline in platinum prices on the free market" is given by Mr. Ian Greig, chairman of South Africa's Impala Platinum Holdings (formerly Bishopsgate Platinum). The current "fixed" producer price for platinum charged by Impala and its rival Rustenburg Platinum Mines is a highest-ever $280 per ounce while the price on the free market is $317, having come back from a record $398 on October 31.

Mr. Greig believes that the recent advance in free market platinum prices—which have come up from $261 when his previous chairman's review was made on September 12—reflects a flight of money out of the weakening dollar into platinums and other commodities rather than a major increase in consumer demand for the precious metal.

He therefore argues that when people are satisfied that the dollar is realistically valued, or undervalued, in relation to the strength of the U.S. dollar and to other currencies, "the former trend is likely to be reversed with a substantial movement out of commodities, including platinum, back into dollars, a process which would be encouraged by the present high level of interest rates in the U.S."

He says that supply and demand of platinum in the Western World are more or less in balance, partly as a result of the reduction of Soviet supplies (which sustain the free market) but there are signs that these supplies are increasing again. Any release to the market of metal held in investment-speculative hands would upset the demand-supply balance.

So far, the South African platinum producers have reacted to the market trend by raising prices rather than by increasing production. Mr. Greig says that if his reading of the market situation is wrong and a real shortage of the metal exists, or is about to develop, the South African mines should expand production.

But they will only do this, he says, if they are confident of being able to achieve a worthwhile return on the capital which they will have to invest. It is vitally important for the industry to keep its consumer customers adequately supplied but Mr. Greig adds that the lead time for any major increase in production is three to four years and the capital requirements "are a formidable deterrent against making quick decisions because of the present state of the platinum market."

Meanwhile, Impala is declaring an unchanged first quarterly dividend at the rate of 4 cents (2.3p) for the current 10-month financial period to August 31. In its Bishopsgate Platinum form, the company paid the equivalent of 18.4 cents on its new capital for the past year to June 30. The shares were 170p yesterday.

DECIDED UPTURN AT NORANDA

Noranda Mines, the Canadian minerals group, has accompanied the announcement of a sharp upturn in third quarter earnings with a promising prediction for the final quarter.

Helped by higher prices and the lower value of the Canadian dollar, earnings for the three months to September were C$36.8m (£15.9m), against C$4.9m in the same period of 1977. Net profits for the first nine months of the year were C$80.5m (34.9m), compared with C$37.1m in the first three quarters last year.

Although a strike began at Mines Gaspe early in October, Noranda stated that the fourth quarter outlook is "relatively promising and considerably better than was thought likely three months ago."

Third-quarter net earnings are also announced by the Anglo American Corporation group's Canadian Hudson Bay Mining and Smelting. But they are still regarded as unsatisfactory and insufficient to justify a resumption of quarterly dividends.

Net earnings for the September quarter amount to C$969,000, making C$8.69m (£1.6m) for the first nine months, or 36 cents a share, the total including C$4.25m (C$2.32m after minority interest) of unrealised exchange gains. Earnings for the first nine months of 1977 were C$3m before crediting a gain of C$52.6m mainly on the sale of the potash division assets.

MINING BRIEFS

CONZINC RIOTINTO MALAYSIA—Sri Timah dredge production for October 81.06 tonnes (September 85 tonnes).

Rooiberg plans new smelter

ROOIBERG MINERALS, a member of the Gold Fields of South Africa group and the largest tin producer in South Africa, has announced plans to construct a tin smelter at its mine in the Northern Transvaal, reports Richard Rolfe from Johannesburg.

Estimated to cost R1.8m (£1.05m) in today's money terms, the smelter will be operational by end-1979. The Board said in its statement yesterday that Rooiberg's existing cash resources are sufficient to finance the smelter construction and "to allow for a further substantial increase in the dividend to be declared next month."

The bulk of Rooiberg's output consists of gravity concentrates and initially only these will be smelted, yielding about 1,800-2,000 tonnes of high grade tin metal per year, but provision will also be made for output of flotation concentrates to be treated as well at a later stage. Most of the tin will be marketed in South Africa.

Dividends have built up in recent years thanks to the boom in tin prices and reached 135 cents in 1977, while an 80 cents interim has been paid in 1978. Analysts are looking for a 200 cents (114.8p) total. The shares at R17 yield a prospective 11.5 per cent on this basis.

Pancontinental chafes at uranium delay

IN A display of frustration about the cautious execution of the Australian Government's uranium development policy, Mr. Tony Grey, the chairman of Pancontinental Mining, yesterday warned: "If we are not more vigorous and expeditious than in the past, we will miss the boat."

Excessive delays were a godsend to Australia's competitors, he told the annual Australian Northern Development Seminar in Alice Springs. Markets will slip out of Australia's hands to competitors, particularly those developing the Canadian discoveries.

Pancontinental, with Getty Oil, owns the Jabiluka deposit, the largest in the Northern Territory, where most of Australia's known uranium deposits are situated. In recent months, development has been held up because of Aboriginal reservations about a royalty agreement for the Ranger project of Peko-Wallsend and EZ Industries.

Mr. Grey said that Pancontinental had no plans just yet to approach the Northern Land Council, the negotiating body for the Aboriginals, about terms and conditions for Jabiluka development.

Noting that the NLC had had "quite a traumatic experience" with the Ranger negotiations, he said: "When they are ready to negotiate, we will be happy to talk to them."

Behind this reserved expression of intent is presumably the fact that Northern Territory Aboriginals have already voiced strong opposition to the development of Jabiluka, fearing infringement of sacred sites. This opposition forced the Government to withdraw permission for the building of an important access road to Jabiluka.

Mr. Grey said that the environmental impact study on Jabiluka, an essential prerequisite of development, will be released towards the end of the year. Pancontinental shares have recently been depressed, partly reflecting concern about development prospects but yesterday they were 25p up at 900p.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Important issues in Sun, Becton case

By Stewart Fleming

NEWYORK, Nov. 13.

A LAWSUIT which could prove to be a landmark case in U.S. takeover law goes on trial here today, when Sun Company's acquisition from institutional investors of 34 per cent of hospital products group Becton Dickinson earlier this year faces its first legal challenge.

In January, Sun paid $290m to two dozen institutional investors for the shares in a private transaction.

Immediately, the move was challenged on the grounds that under U.S. securities laws, a tender offer for another company must be made equally to all shareholders. The U.S. Ssecurities and Exchange Commission, which is challenging the Sun move, contends that the share purchases constituted a tender offer. Sun is expected to argue that the move does not fall foul of U.S. securities laws because it was not a tender offer.

The most relevant legislation is the 1968 Williams Act which does not define precisely what a tender offer is, and the case is expected to result in the Courts taking a view on how broadly this term can be defined.

The case has considerable significance for takeover tactics in the U.S., since if the Sun arrangement with Becton-Dickinson's institutional investors is upheld, then companies will become much more vulnerable to unwanted takeover bids.

Justice Department files suit against United Tech

BY JOHN WYLES

NEW YORK, Nov. 13.

UNITED TECHNOLOGIES' $1bn move to acquire Carrier Corporation today fell foul of the Department of Justice's determination to counter the trend towards increasingly large conglomerate mergers.

On the day that United commenced its $476m tender offer for 49 per cent of Carrier's common stock, the Justice Department filed a civil anti-trust suit against the acquisition in a federal district court in Syracuse, New York. The move will be greatly welcomed by Carrier, which is vigorously trying to ward off the merger and which has itself filed an anti-trust suit.

The Government is seeking a preliminary injunction to prevent United from completing its $28 a share tender offer until the full anti-trust suit is heard. The Department of Justice filed a similar suit last month, trying to block Occidental Petroleum's proposed acquisition of Mead Corporation, and both cases reflect the anti-trust division's anxiety about the acceleration in merger activity this year.

United's reaction this morning drew attention to the Department's stated determination to test the limits of the anti-trust laws, revealed in testimony to a Senate sub committee at the end of July.

This suggested to many observers that after a decade of relative quiesence, the Department was returning to the militant anti-merger posture which prevailed in the middle 1960s.

In its Syracuse filing, the department has spelled out some of the areas in which a United-Carrier merger could be anti-competitive. The complaint argues that Carrier is a leading maker of heating and air conditioning systems, and that United is a significant manufacturer of control devices used to operate such systems.

The department went on to suggest that the acquisition would allow reciprocal dealings, by combining Carrier, which purchases about $71m a year in electric motors, with United, which is one of the country's leading sellers of magnet wire used in these motors. Arguing that this could lessen competition in the magnet wire industry, the department also claims that a merger would entrench Carrier's leading position in the heating and air conditioning markets and thus eliminate competition.

United has grown substantially through acquisition over the past eight years in a bid to reduce its dependence on Government contracts for the manufacture of jet engines and helicopters.

Beech Aircraft set for record

BY JOHN WICKS

ZURICH, Nov. 13.

THE FISCAL year ended on Sept. 30, will prove to have been the sixth consecutive record year for both sales and earnings of Beech Aircraft Corporation, of Wichita, Mr. Michael G. Neuburger, Senior Vice-president, told financial analysts in Zurich. The company, which specialises in the building of light aircraft of the "beechcraft" type, is in the strongest financial position in its history and expects the current 1978/79 fiscal period to show new record results.

Beech Aircraft, whose consolidated turnover showed a rise of 26 per cent over the first three quarters of the past business year, reports "dramatic" increases in orders in hand. For fiscal 1978, total backlog value is put at some $750m, as compared with $489m for fiscal 1977. Among Beech's divisions, all of which are claimed by Mr. Neuburger to have enjoyed healthy growth, the greatest growth was booked in the field of international sales, which it is expected will exceed those for the 1977 fiscal period by about 50 per cent.

Sales and earnings ahead at Bendix

SOUTHFIELDS, Nov. 13.

A RISE of 9.8 per cent to $129.6m in net earnings for the year to September 30 at Bendix Corporation, the auto and aerospace and forest products group, reflected a similar increase in sales, which totalled $3.65bn. Share earnings moved up from $5.29 to $5.74.

The final quarter produced net earnings of $29.5m or $1.39, against $27.4m or $1.29, on sales increased by 14.5 per cent to $945.5m.

Net earnings for both periods were increased by one cent a share by a gain on the French subsidiary's sale of a substantial share of its interest in its Ducellier unit, partly offset by provision for loss on the sale of Bendix Home Systems.

Bendix expects earnings to be favourably affected by its investment in Asarco in fiscal 1979, when it will begin accounting for that investment by the equity method.

It bought 4.3m shares or about 18.4 per cent of Asarco's outstanding common last spring.

Bendix also said its aerospace-electronics and forest products businesses accounted for most of its increase in net for the fiscal year ended last September.

Agencies

GM outlook

General Motors Corporation expects record sales and earnings in both Canada and the U.S. this year, Mr. Thomas A. Murphy, the chairman, said in a speech prepared for the Canadian Club. Last year, the company had net earnings of $3.32 bn or $11.62 a share, reports Reuter from Toronto.

The car giant has not altered its sales prediction for either the Canadian or the U.S. auto industry, said Mr. Murphy.

Candel Oil ahead

The western Canada oil and gas producer Candel Oil earned C$5.9m (U.S.$5.0m) or C$1.40 a share in nine months against C$5.2m or C$1.20, on revenues of C$22m (U.S.$26m) against C$20m. Capital spending was 250 per cent up, mainly due to gas exploration in the Elmworth deep basin of Alberta and development of the Buchan Field, writes our Montreal correspondent.

Harvester spending

International Harvester plans its capital improved projects totalling $82.8m at 17 of its plants, Reuter reports from Chicago. The largest projects are new material handling and storage facilities to cost $23m at the Springfield, Ohio truck plant and $11m at the Memphis Cotton Picker plant.

Allstate increase

Allstate Insurance, a unit of Sears Roebuck, is raising its car insurance rates in Illinois by 9.4 per cent, AP-DJ reports from Northbrook. Allstate said inflation has increased the cost of claims so that higher prices are needed to keep the company's underwriting results in the black in the forthcoming year. Allstate's last increase amounted to 2.6 per cent in August, 1976.

Aquitaine advance

Aquitaine of Canada, the French-controlled western oil company, earned C$10.8m or 50 cents a share in the third quarter of 1978, against C$8.9m or 42 cents in the corresponding period last year, on oil and gas sales of C$34m, against C$33m, our Montreal correspondent writes. Nine-month earnings totalled C$29.7m or C$1.38 a share against C$24.9m or $1.16 a share on sales of C$101m against C$88m.

Sugar suits settled

Hunt International Resources' subsidiary Great Western Sugar Company has agreed to settle all but a few of the private antitrust actions pending against it in California for a total cash payment of $9.4m, Reuter reports from Dallas. The settlement provides that Great Western will make three cash payments to the plaintiffs of approximately $3m each on December 6, 1978, November 30, 1979, and November 30, 1980 along with interest on the deferred instalments. The actions settled were filed between 1974 and 1977 by representatives of industrial, grocery and wholesale purchasers of refined sugar in the Midwest and West.

Ivaco acquisition

The fast-growing Quebec and Ontario steel products and fastener manufacturer Ivaco Industries plans to buy an undisclosed number of new shares of National Wire Products, of Baltimore, Maryland, in the U.S., writes Robert Gibbens from Montreal. However, Ivaco will have a substantial majority of the American company's shares, Ivaco confirmed. The present National Wire management will remain. National makes wire fabric and block mesh used in building products and has annual sales of about $47m.

Seven-up approval

The Foreign Investment Review Agency approved a plan by PMI Incorporation, a wholly-owned unit of Philip Morris, to buy control of Seven-Up Canada, of Toronto, Reuter reports from Ottowa. The agency also approved a plan by a unit of Dana Corporation

Dart surprises Mallory with formal tender offer

BY OUR OWN CORRESPONDENT

NEW YORK, Nov. 13.

DART INDUSTRIES of Los Angeles today formally launched its $225m tender offer for P. R. Mallory, only three days after announcing its proposals and before the Mallory board has even expressed an opinion.

The speed with which Dart is pursuing the acquisition is believed to have surprised Mallory which will have nothing to say on the matter until after its directors meet tomorrow. By starting the $46 a share tender offer today, Dart is pressing ahead without first sounding out Mallory directors on their possible attitudes. Since the directors hold close to 20 per cent of the company's stock, Dart's aggressiveness may well stimulate some resistance if the Mallory board does not succumb to the attractions of a tender offer whose premium is close to 50 per cent above Mallory's recent market price.

Mallory is a leading manufacturer of dry cell batteries with sales of $342m last year. Dart is a larger, more diversified company which drew its $1.6bn sales last year from housewares, packaging products, giftwares and pharmaceuticals.

Dart said last Thursday that its tender offer might not be made if it could not secure a court order setting aside, on constitutional grounds, state takeover laws in Indiana, where Mallory is incorporated. Last Friday a Federal District Court in Indianapolis temporarily restrained Mallory and its stockholders from resorting to these local laws pending a hearing on Dart's application for a preliminary injunction which will take place tomorrow.

Dart repeated today that it is retaining the right to terminate the offer if there is any development in these proceedings which in its judgment would make it inadvisable to proceed. Mallory and Indiana officials have appealed against last Friday's district court ruling but the Appeals Court has not yet issued an injunction.

Optimistic outlook at Lockheed

NEW YORK, Nov. 13.

MR. ROY ANDERSON, chairman of Lockheed, considers that his earlier estimate that 1978 earnings would be "fairly comparable" to 1977's $55.4m or $3.71 a share is "somewhat conservative."

The company recently reported earnings for the nine months ended September 24 of $51.0, including a gain on the sale of the Hollywood-Burbank Airport of $18.8m.

Over the next five years, earnings and sales from the company's non-L-1011 TriStar business should be greater than in the five years through 1978, when pre-tax profits from programmes other than TriStar were $1.2bn and sales were $11.8bn.

Expenditures for modernisation and expansion of facilities should increase over the next five years. Spending this year will be about $60m.

Shareholders' equity, which was $266m in September, should equal or exceed Lockheed's total debt during 1980. Currently, its debt is about $433m.

Mr. William R. Wilson, senior vice-president—marketing, said Lockheed is now in negotiations on a $300m follow-on contract for the Saudi Arabian air defence system. Lockheed has already completed the first $280m phase.

The company hopes to be able to make a decision next year on possible production of the L100-50 cargo plane, a stretched version of its Hercules aircraft which "has attracted interest" from freight carriers such as Tiger International.

Reuter

EUROBONDS

First Chicago to float Swiss franc issue

BY FRANCIS GHILES

FIRST CHICAGO Overseas Finance NV will float a SwFr 70m bond on the Swiss capital market from November 22 to 27 through a group of banks led by Credit Suisse. Swiss Bank Corporation and Union Bank of Switzerland will act as co-lead managers for this issue. Indicated terms include a 15-year maturity and a coupon of 3¾ per cent.

First Chicago thus follows in the footsteps of the handful of other U.S. banks which have issued Swiss franc-denominated bonds in the past few months.

The dollar sector was quiet yesterday with the volume of trading at much lower levels than at any time in the past two weeks. The market is still treading water as it tries to adjust to the new environment but with a slight easing of the six-month Eurodollar rate, down yesterday to 11{?}-12⅛ from Friday's close of 11⅞-12⅛, and with a stable dollar dealers could afford to smile again. Most prices moved up by an average of ¼ per cent.

In the Deutsche-Mark sector the Capital Markets Sub-Committee, meeting to set the calendar of new issues for the month fo come, was expected to settle for a figure of DM 1.2bn

A DM 50m private placement for South African Railways and Harbour will be made by BHF Bank. Indicated terms of this bullet issue include a maturity of five years, a coupon of 7¾ per cent and a price of 99¾ per cent.

Trading conditions in the secondary market were described by dealers as friendly but quiet. Prices move up fractionally where changed in thin trading. Conditions in the domestic market continued the improvement that started last Friday. The Bundesbank was able to sell DM 50m worth of domestic bonds yesterday.

AMERICAN QUARTERLIES

BENEFICIAL STANDARD	1978 $	1977 $
Third quarter		
Revenue	50.8m	46.6m
Net profits	2.9m	1.9m
Net per share	0.91	0.66
Nine months		
Revenue	147.3m	137.3m
Net profits	7.3m	5.2m
Net per share	2.28	1.62

EMERSON ELECTRIC	1978 $	1977 $
Fourth Quarter		
Revenue	544.6m	478.7m
Net profits	41.8m	36.4m
Net per share	0.72	0.63
Year		
Revenue	2.18bn	1.84bn
Net profits	169.7m	143.7m
Net per share	2.93	2.48

OUTBOARD MARINE	1978 $	1977 $
Fourth Quarter		
Revenue	186.2m	136.4m
Net profits	4.5m	*1.4m
Net per share	0.54	*0.16
Year		
Revenue	703.9m	629.5m
Net profits	25.4m	29.8m
Net per share	3.04	3.58

SAXON INDUSTRIES	1978 $	1977 $
Third quarter		
Revenue	139.4m	130.6m
Net profits	1.1m	1.5m
Net per share	0.14	0.19
Nine months		
Revenue	418.2m	374.6m
Net profits	4.3m	3.7m
Net per share	0.55	0.47

CANADA CEMENT LAFARGE	1978 C$	1977 C$
Third quarter		
Revenue	180.2m	[illegible]
Net profits	14.9m	11.5m
Net per share	0.78	0.60
Nine months		
Revenue	384.3m	322.4m
Net profits	17.9m	15.6m
Net per share	0.91	0.79

ENSERCH	1978 $	1977 $
Third quarter		
Revenue	403.2m	352.9m
Net profits	11.04m	12.29m
Net per share	0.33	0.43
Nine months		
Revenue	1.29bn	1.06bn
Net profits	41.73m	53.85m
Net per share	1.37	1.92

RESERVE OIL AND GAS	1978 $	1977 $
Third quarter		
Revenue	431.4m	389.7m
Net profits	6.17m	4.71m
Net per share	0.39	0.35
Nine months		
Revenue	1.18bn	1.28bn
Net profits	14.19m	13.74m
Net per share	0.86	1.01

SUNBEAM	1978 $	1977 $
Second quarter		
Revenue	305m	281m
Net profits	6.54m	12.03m
Net per share	0.44	0.81
Six months		
Revenue	591m	528m
Net profits	17.61m	20.33m
Net per share	1.19	1.37

COPELAND	1978 $	1977 $
Fourth Quarter		
Revenue	75.2m	56.8m
Net profits	2.9m	2.8m
Net per share	0.92	0.50
Year		
Revenue	310.3m	270.4m
Net profits	16.3m	15.2m
Net per share	2.90	2.70

MONARCH MACHINE TOOL	1978 $	1977 $
Third quarter		
Revenue	20m	13.4m
Net profits	1.3m	488,000
Net per share	1.35	0.53
Nine months		
Revenue	57.3m	45.8m
Net profits	3.8m	2m
Net per share	4.35	2.27

RESORTS INTERNATIONAL	1978 $	1977 $
Third quarter		
Revenue	95.4m	15.9m
Net profits	23.9m	1m
Net per share	2.00	0.11
Nine months		
Revenue	168.7m	47.6m
Net profits	34.1m	2.9m
Net per share	3.18	0.31

TRANSWAY INTERNATIONAL	1978 $	1977 $
Third quarter		
Revenue	197.5m	179.8m
Net profits	5.3m	5.1m
Net per share	0.80	0.78
Nine months		
Revenue	599.7m	528.1m
Net profits	18.3m	15.9m
Net per share	2.78	2.43

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on November 13

U.S. DOLLAR

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 89	25	95¼	95¾	0	+0¼	9.96
Australia 8.45 83	175	96¾	97¼	+0¼	+0¼	9.45
Australia 9¼ 93	75	99	99½	+0¼	+0¼	9.43
Beatrice Foods 7¾ 83	100	95¾	95¼	+0¼	+0¼	8.96
CECA 8½ 87	50	93½	94¼	+0¼	+0¼	9.82
CECA 9 93	25	96¾	97¼	+0¼	+1¼	9.38
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5½ 88	15	98¼	98¾	0	−0¼	5.85
Australia 5.6 90	50	101¼	101¾	−0¼	−0¼	4.53
BFCE 6.4 90	38	96¼	97¾	−0¼	−0¼	6.27
Eurofima 6.3 88	10	98¼	98¾	−0¼	−0¼	6.41
Finland 6.7 88	25	97¼	98¾	−0¼	−0¼	7.08
Norway 5.7 83	25	103¼	104¼	−0¼	−0¼	4.81
Oslo, City of 6.6 90	15	98¼	98¾	−0¼	−0¼	6.82
[illegible]						

OTHER STRAIGHTS

[illegible]

FLOATING RATE NOTES

[illegible]

CONVERTIBLE BONDS

[illegible]

DEUTSCHE MARK STRAIGHTS

[illegible]

SWISS FRANC STRAIGHTS

[illegible]

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

TELECOMUNICAÇÕES BRASILEIRAS S.A. TELEBRÁS

U.S. $225,000,000

MEDIUM TERM CREDIT FACILITY

GUARANTEED BY

THE FEDERATIVE REPUBLIC OF BRAZIL

MANAGED BY

CHASE MERCHANT BANKING GROUP

BANK OF MONTREAL
THE FUJI BANK, LIMITED
LIBRA BANK LIMITED
SKANDINAVISKA ENSKILDA BANKEN
BANQUE EUROPÉENNE DE CRÉDIT (BEC)
THE MITSUBISHI BANK, LIMITED
UNION BANK OF SWITZERLAND

CO-MANAGED BY

THE BANK OF NOVA SCOTIA INTERNATIONAL LIMITED
CREDIT LYONNAIS
GIRARD BANK
GRINDLAY BRANDTS LIMITED
MARINE MIDLAND LIMITED
NATIONAL WESTMINSTER BANK LIMITED
PROVINCIAL BANK OF CANADA
SOCIÉTÉ GÉNÉRALE DE BANQUE S.A.
THE YASUDA TRUST AND BANKING CO., LTD.
THE BANK OF YOKOHAMA, LTD.
COMMERZBANK AKTIENGESELLSCHAFT
EUROPEAN BRAZILIAN BANK LIMITED —EUROBRAZ—
THE INDUSTRIAL BANK OF JAPAN, LIMITED
THE MITSUI BANK, LIMITED
THE NIPPON CREDIT BANK, LTD.
SECURITY PACIFIC BANK
TORONTO DOMINION BANK

PROVIDED BY

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
BANCO DO COMMERCIO E INDUSTRIA DE SÃO PAULO S.A., CAYMAN ISLANDS BRANCH
BANCO NACIONAL S.A. (BRAZIL)
BANK OF BRITISH COLUMBIA
BANK OF MONTREAL INTERNATIONAL LIMITED
THE BANK OF YOKOHAMA, LTD.
CANADIAN IMPERIAL BANK OF COMMERCE (INTERNATIONAL) S.A.
CRÉDIT LYONNAIS
EUROPEAN BRAZILIAN BANK LIMITED-EUROBRAZ-
GIRARD BANK
THE INDUSTRIAL BANK OF JAPAN, LIMITED, NEW YORK AGENCY
MARINE MIDLAND BANK
THE MITSUI BANK, LTD.
NATIONAL WESTMINSTER BANK GROUP
THE NIPPON CREDIT BANK, LTD
PROVINCIAL BANK OF CANADA (INTERNATIONAL) LIMITED, NASSAU
SECURITY PACIFIC BANK
SOCIETE GENERALE DE BANQUE S.A.
TORONTO DOMINION BANK
UNITED VIRGINIA BANK
BANCO DE BILBAO, NEW YORK AGENCY
BANCO DE LA NACION ARGENTINA, PANAMA BRANCH
BANCO DO ESTADO DE SÃO PAULO S.A., LONDON BRANCH
BANK OF MONTREAL
THE BANK OF NOVA SCOTIA INTERNATIONAL LIMITED
BANQUE EUROPÉENNE DE CRÉDIT (BEC)
THE CHASE MANHATTAN BANK, N.A.
COMMERZBANK AKTIENGESELLSCHAFT, CHICAGO BRANCH
THE FUJI BANK, LIMITED
GRINDLAYS BANK LIMITED
INTERNATIONAL COMMERCIAL BANK LIMITED
LIBRA BANK LIMITED
THE MITSUBISHI BANK, LIMITED
NATIONAL BANK OF AUSTRALASIA LTD
THE NIKKO (LUXEMBOURG) S.A.
ORION BANK LIMITED
THE SAITAMA BANK, LIMITED
SAITAMA INTERNATIONAL (HONG KONG) LIMITED
SKANDINAVISKA ENSKILDA BANKEN (LUXEMBOURG) S.A.
UNION BANK OF SWITZERLAND
THE YASUDA TRUST AND BANKING CO., LTD.

AGENT

THE CHASE MANHATTAN BANK, N.A.

THE MANAGERS WERE ASSISTED IN BRAZIL BY BANCO LAR BRASILEIRO S.A.

2nd NOVEMBER 1978

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

THE REPUBLIC OF LIBERIA

U.S. $60,000,000
MEDIUM TERM LOAN

MANAGED BY

CHASE MERCHANT BANKING GROUP

CO-MANAGED BY

BANK OF MONTREAL
THE BANK OF TOKYO, LTD.
CITICORP INTERNATIONAL GROUP
MIDLAND BANK LIMITED

FUNDS PROVIDED BY

THE CHASE MANHATTAN BANK, N.A.
THE BANK OF TOKYO, LTD.
MIDLAND BANK LIMITED
DG BANK INTERNATIONAL SOCIETE ANONYME
THE FIRST NATIONAL BANK OF BOSTON
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
SKANDINAVISKA ENSKILDA BANKEN
VEREINS-UND WESTBANK INTERNATIONALE SOCIETE ANONYME
BANK OF MONTREAL
CITIBANK, N.A.
BANQUE BELGE LIMITED – SOCIETE GENERALE DE BANQUE S.A.
INTERNATIONAL WESTMINSTER BANK LIMITED
ORION BANK LIMITED
UNION BANK OF SWITZERLAND
CREDITO ITALIANO, LONDON
NATIONAL HOUSING AND SAVINGS BANK MONROVIA

AGENT

THE CHASE MANHATTAN BANK, N.A.

9th NOVEMBER 1978

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

DEVELOPMENT AND INVESTMENT BANK OF IRAN

U.S. $60,000,000
MEDIUM TERM CREDIT FACILITY

MANAGED BY

CHASE MERCHANT BANKING GROUP

CITICORP INTERNATIONAL GROUP
THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED
MELLON BANK, N.A.
NATIONAL WESTMINSTER BANK GROUP
SWISS BANK CORPORATION

FUNDS PROVIDED BY

THE CHASE MANHATTAN BANK, N.A.
THE LONG TERM CREDIT BANK OF JAPAN, LIMITED
SWISS BANK CORPORATION
LANDESBANK RHEINLAND PFALZ UND SAAR INTERNATIONAL S.A.
CITIBANK N.A.
MELLON BANK, N.A.
INTERNATIONAL WESTMINSTER BANK LIMITED
MARINE MIDLAND BANK
THE MITSUI TRUST AND BANKING COMPANY, LIMITED

AGENT BANK

THE CHASE MANHATTAN BANK, N.A.

20th OCTOBER 1978

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

HIDROELÉCTRICA DE CATALUÑA, S.A.

U.S. $50,000,000
MEDIUM TERM CREDIT FACILITY

MANAGED BY

CHASE MERCHANT BANKING GROUP

CO-MANAGED BY

ABU DHABI INVESTMENT COMPANY
BANK OF MONTREAL
DEUTSCHE GIROZENTRALE INTERNATIONAL S.A.
NATIONAL WESTMINSTER BANK GROUP
SWISS BANK CORPORATION

FUNDS PROVIDED BY

THE CHASE MANHATTAN BANK, N.A.
BANK OF MONTREAL
INTERNATIONAL WESTMINSTER BANK LIMITED
BAYERISCHE LANDESBANK INTERNATIONAL S.A.
SOCIETE GENERALE DE BANQUE S.A.
THE YASUDA TRUST AND BANKING COMPANY LIMITED
BANQUE INTERNATIONALE A LUXEMBOURG S.A.
FIRST PENNSYLVANIA BANK NA
F. VAN LANSCHOT BANKIERS N.V.
SOFIS LIMITED
THE BANK OF YOKOHAMA LIMITED
ABU DHABI INVESTMENT COMPANY
DEUTSCHE GIROZENTRALE INTERNATIONAL S.A.
SWISS BANK CORPORATION (INTERNATIONAL), LIMITED
MIDLAND BANK LIMITED
THE MITSUI TRUST AND BANKING COMPANY, LIMITED
BANK OF SCOTLAND
CANADIAN IMPERIAL BANK OF COMMERCE
ROYWEST BANKING CORPORATION LIMITED

AGENT

THE CHASE MANHATTAN BANK, N.A.

9th NOVEMBER 1978

INTERNATIONAL FINANCIAL AND COMPANY NEWS

UBS forecasts setback over 10% for full year

BY JOHN WICKS ZURICH, Nov. 13.

FINANCIAL RESULTS of the Union Bank of Switzerland will this year be more than 10 per cent under 1977 figures, according to managing director Dr. Robert Holzach. This decline, resulting from a fall in income and a simultaneous increase in costs, would mean that operating profits would also be over 10 per cent below budgeted levels. Budgeting for next year would be "extremely cautious," he said.

In 1977, UBS net profits rose by 13.7 per cent to SFr 226m ($163m), and total assets by 6.6 per cent to SFr 56.12bn. The bank's operating earnings for the third quarter and first nine months this year were over 10 per cent below last year's figures.

Dr. Holzach drew attention particularly to the drop in interest margins, which he said was not likely to be reversed by the end of the year. Bank interest rates were able to be adjusted only with a time lag after decreases in active interest. No marked upswing in margins was likely next year.

The managing director, Dr. Nikolaus Senn, said that the bank did not foresee any increase in its share capital next year. However, two conversion issues would be made to cover the redemption of maturing bonds, and two new-money bond would be issues floated.

With regard to the planned sum to be raised on the Swiss capital market by the U.S., Dr. Senn said that this was likely to be a "relatively large amount" of short- and medium-term paper. The National Bank would, however, probably act to prevent too great an influence on domestic interest rates. This, he indicated, might mean that short-term issues with two to three year maturities could be placed by way of banks and, medium-term share of up to five years offered directly to the public.

Pessimism at ASUAG on full year profits

By Our Own Correspondent

ZURICH, Nov. 13.

SWITZERLAND'S leading watch company, Allgemeine Schweizerische Uhrenindustrie AG (ASUAG), views the present financial year "more pessimistically" than 1977-78, when it raised net profits from SwFr 4m to SwFr 5m ($3.1m).

It is paying an unchanged 8 per cent dividend for the past year to June 30, which saw a rise in group turnover of 12.3 per cent to SwFr 1.17bn.

Group operations in the first half of calendar 1978 showed an improvement on autumn of last year. However, business began to show a downturn in May and June, and the group has recently been reporting its concern at the level of orders since then.

The components division, headed by the Neuchatel-based Ebauches SA, is faced with considerable difficulties and is trying to arrange a reduction in operations with the trade union.

Berlin plant closure

THE WEST German electronics concern Loewe-Opta will close its West Berlin factory because it cannot compete with Japanese manufacturers, Reuter reports from West Berlin.

Five hundred workers will lose their jobs when the factory, which makes radios and parts for television sets, closes in mid-1979.

A city government official said the company had turned down its proposals for saving the factory because it was losing so much money.

BFG to sell holding

BANK FUER Gemeinwirtschaft AG (BFG) is selling all but 5 per cent of its holdings in the Frankfurt based Bankhaus Koch/Lauteren to the private bank Schroeder, Muenchmeyer, Hengst, Reuter reports from Frankfurt.

SMH, with offices in Hamburg, Frankfurt and Offenbach, will hold the remaining 95 per cent in Koch Lauteren, effective from January 1.

The spokesman said Koch Lauteren, with an annual business volume in the region of DM 100m ($53.2m), no longer fits into BFG's portfolio.

Royal Bank of Canada was negotiating a stake in Koch Lauteren, but the talks were unsuccessful, the spokesman said.

Aerospace groups await a lead

BY ADRIAN DICKS BONN, Nov. 13.

WITH BRITAIN'S re-entry into the European Airbus consortium, the West German aerospace industry has seen its most important immediate concern satisfactorily resolved, and is now turning its full attention to an issue that may take even more time, patience and skilful negotiation — its own future shape.

It now looks unlikely that the long-discussed merger of the industry's two largest companies, Messerschmitt - Boelkow - Blohm (MBB) and Vereinigte Flugtechnische-Werke-Fokker is going to take place this year. The Bonn Government's co-ordinator for the industry, State Secretary Herr Marton Gruener of the Economics Ministry, may therefore need to be patient some time longer before his objective of a "national industry" with the single voice of its British or French counterparts can be put in place.

Behind what appears at the official level to be a deadlock, however, there are some signs that the talks between the two companies and the Government may be slowly starting to clear some of the obstacles to a merger out of the way. As a result, some knowledgable people in the industry are now hoping that Herr Gruener will give a fresh lead when he appears before the Bundestag's (Lower House of Parliament) Budget Committee later this month to request supplementary funds for the Airbus programme.

Change

The main change in recent months is that all parties are now reported to agree that VFW-Fokker, hailed as a pioneering cross-frontier merger a decade ago, will have to be unscrambled. The group's own policy is still officially in favour of keeping the two sides together. But some observers are expecting next month's meeting of the supervisory board to vote in favour of returning Fokker to its Dutch shareholders and VFW to its German ones.

Moreover, the new Dutch top management is known to have its eyes on bilateral co-operation with Dassault-Breguet of France in a series of deals which would be crowned by joint development of the Fokker F29—perhaps with Rolls-Royce contributing its RB-432 engine if the British government could be persuaded to plough in development finance.

On the German side, however, there has for several years been suspicion of the Dutch half of the partnership, and increasing agreement that this particular irritant could be removed if the talks with MBB were confined to arranging a merger only with the VFW half of the group.

While there may still be some cause for regretting the probable ending of the transnational experiment, it is likely that some cross-frontier co-operation and sub-contracting will continue ad hoc—though the recent hesitations in the Netherlands over joining in the Airbus programme make this less than a certainty.

Even without having to involve the Dutch in a "large solution," the bringing together of MBB and VFW promises to be extremely delicate. What Herr Gruener and his officials have been hoping to see from a merger is a rationalisation of the industry at the works level, with smaller and less economical facilities closed down and the workforce reduced if need be. This view has been broadly shared by MBB, which has been holding out not for a merger but for a takeover of VFW's more viable plants, such as its big Bremen factories, with the government picking up the bill and the political responsibility for closing down what it does not want to buy.

Herr Gruener's strategy, dictated by Bonn's advocacy of the market economy, has been to let MBB and VFW get on with fixing the terms of their fusion. Despite new top management in both companies, this approach has brought no agreement yet. VFW-Fokker has been attempting to hold out for something better than what it regards as capitulation to MBB's terms.

Rescue

In theory, it should be easy for Bonn to lean on VFW-Fokker a little, for last December it rescued the group with a financial package carrying tough conditions, after it was obliged to abandon the commercially unsuccessful VFW 614 short-haul jet airliner. In practice, Herr Gruener has seemed loath to use this lever, and it may now be even harder for him to reach for it.

For what has complicated the entire situation in recent months has been the involvement of state governments in both MBB's and VFW-Fokker's affairs. The Bavarian and Hamburg governments between them have some 43 per cent of MBB, a major employer in both Munich and Hamburg, while Bremen last August acquired control over a 26.4 per cent stake in VFW-Fokker. This will give the three States most directly concerned a right of veto in any new blueprint for the industry that might involve the loss of jobs.

EUROPEAN OPTIONS

Adding a French flavour

BY CHARLES BATCHELOR IN AMSTERDAM

THE European Options Exchange (EOE) expects to list three French stocks later this month. Their names will probably be announced this week, Dr. Bert Scholten, the EOE's managing director, said in an interview with the Financial Times.

Late last week, the Bank of France gave its permission for French residents to trade options in foreign shares on markets abroad: previously, the country's foreign exchange controls prevented this. But French residents are still unable to trade French share options on foreign markets, such as Amsterdam or Chicago, though non-residents may do so.

The EOE is, meanwhile, still talking with the West German monetary and banking authorities in the hope of creating conditions favourable to German banks taking part in dealing. The EOE hopes for a breakthrough within a few months.

A delegation from Hong Kong is due to visit Amsterdam next month to discuss the listing of options in Hong Kong stocks. This follows a visit by EOE officials to the colony in October. A number of the EOE's members have offices in Hong Kong, while one of the largest broking houses, Sun Hung Kai Securities, has become a public order member of the EOE.

"Members of the stock exchanges in France and Germany fear we will take away the market in the underlying shares," Dr. Scholten said. "But the clearing will take place in the country where the stock is quoted and stocks would not be handled in Amsterdam, unless a client actually requests delivery." The EOE plans to deal in French and eventually German stocks during the bourse opening hours in the respective countries.

> "Members of the stock exchanges in France and Germany fear we will take away the market in the underlying shares. But the clearing will take place in the country where the stock is quoted, and stocks would not be handled in Amsterdam, unless a client actually requests delivery." (Dr. Bert Scholten, managing director of the EOE)

The exchange would like to see a market for U.S. stocks in Amsterdam, though, since these are traded on the American markets for the most part when Amsterdam is closed. The EOE is, therefore, dependent for up-to-date prices on those established in telephone trading.

The EOE originally hoped to introduce "put" trading—conferring the right to sell shares—alongside the present facility for "call" trading—conferring the right to buy—last month. "The EOE is technically ready to trade "puts," but we will wait until after the expiry of the next series in January," Dr. Scholten said. The listing of French options later this month and the normally busy month of December would make the introduction of "puts" difficult before early next year. The EOE also wants to make sure that its members and the public are well-informed about "put" trading before this is launched.

The EOE is changing its approach to publicising its operations. "The job of explaining options to the public was being done by analysts who could put it over to people on their own level but not to the general public," Dr. Scholten said. Even some of the EOE's own members were not aware of all the possibilities. The large number of options which were allowed to expire on the last expiry date showed that clients had not been sufficiently informed about the possibility of selling earlier.

The EOE is setting up a team to advise the clients of its members. Members will be able to call on its services for a small fee.

The EOE has not yet decided whether to introduce a new series of the three listed British stocks when the next series expires later this month. It did not introduce a new series to replace the one which expired in August. The EOE has no plans to delist British Petroleum, ICI and General Electric, though.

Daily trading volumes have occasionally exceeded 3,000 contracts, but the EOE is still a long way from its original estimate of a break-even level of 7,000 contracts. The break-even point is now lower than 7,000 contracts due to the restrictions the EOE has put on the size of its organisation: Staff leaving have not been replaced while the whole range of the EOE's management has been left unfilled.

"You don't imagine, though, we would start to make profits immediately or that the stock exchange would withdraw its support?" Dr. Scholten asked. The capital investment in the EOE was Fl 12.5m ($6.1m), while private stock market sources estimate the EOE's losses at between Fl 90,000 and Fl 100,000 a week.

Kansas City Power & Light raises $50m

By Our Euromarkets Staff

MERRILL LYNCH International Bank is arranging a $50m short-term Eurodollar loan for the double-A rated Kansas City Power and Light Company.

This marks a relatively rare excursion by a U.S. utility into the Euromarkets for funds.

The 18-month syndicated loan will carry a spread of 1 per cent over interbank rates. The borrower apparently found that a short-term Eurodollar credit was competitive with a U.S. loan based on the current banking prime rate.

Dunlop Australia expects higher profits this year

BY JAMES FORTH SYDNEY, Nov. 13.

DUNLOP AUSTRALIA expects to raise its profits for the current year above the A$17m (U.S.$19.7m) recorded in 1977-78, the chairman, Sir Robert Blackwood said in Melbourne.

Shareholders have approved the terms of a capital return which will give them three 50 cents shares for every two A$1.00 shares, plus 25 cents cash for each share held before the reconstruction.

Sir Robert said that if Dunlop held profit at A$17m the earning rate would rise from 18.2 per cent to 24.5 per cent. The profit was expected to better this return, but Sir Robert said he would stop short of quantifying the increase.

However, he added that sales and earnings of the rubber, textiles and industrial products group in the first quarter were ahead of those for the same period last year.

The directors regarded the capital return as the start of a new growth phase and with a greater borrowing capacity, Dunlop would be in a strong position to undertake growth to the long-term advantage of shareholders. Dunlop of the UK holds slightly more than 10 per cent of Dunlop Australia.

Dividend payments in IDB group

By L. Daniel

TEL AVIV, Nov. 13.

SEVERAL SUBSIDIARIES of the Israel Discount Bank—the country's third largest—have declared interim dividends for 1978. The investment company of IDB will pay an unchanged cash dividend of 18 per cent which is to be the final one, and 30 per cent bonus shares (25 per cent in 1977).

The investment company is controlled by the IDB Bank Holding Company, the parent of the discount group. It is involved in industrial investments as well as the granting of loans via the Discount Bank, to local authorities, industrial concerns and co-operatives. It also manages a number of trust funds. Additionally it invests in insurance, shipping, services and property, but its main achievement is the financing, by way of investment, of several of Israel's largest high-technology industries, such as the Elron group (various types of electronics) and the Iscar concern (hard metal bits, aircraft parts).

Another IDB subsidiary, the Property and Building Corporation, will also pay 30 per cent bonus shares (25 per cent in 1977) in addition to a 15 per cent cash dividend, while the Israel Development and Mortgage Bank will pay 22 per cent cash (unchanged), while the bonus rate will be raised to 35 per cent from 25 per cent in 1977.

Singapore SE alters hours

THE Singapore Stock Exchange has announced that with effect from November 20, it will put back its afternoon trading session by half an hour, to run from 1430 to 1630 local time in place of the present 1400 to 1600 hours, Reuter reports from Singapore.

Anglo American subsidiaries show little progress so far

BY RICHARD ROLFE JOHANNESBURG, Nov. 13.

ANGLO AMERICAN'S two listed property companies, Anglo American Properties (Amaprop) and Sorec, the latter acquired through the takeover of the Schlesinger insurance and property interests, continue their attempts to achieve an even keel in the face of continuing development programmes and adverse market conditions. With gross assets employed of over R200m, the two companies between them achieved negligible returns in the six months to September 30.

Sorec's pre-tax profits fell from R0.9m to R0.6m ($0.7m) for the period, and after tax and outside shareholders' interests net income was down from R0.6m to R0.4m. Earnings per share sell from 5c to 4c, and the dividend has been passed. The year-end has been changed to March 31 to coincide with Amaprop's, and a marginal improvement in profits is forecast for the second-half. The Board has recorded that the recent decline in interest rates will help matters.

Sorec last paid a dividend in 1976 and with the shares at 80c ahead of the figures, against their 1977 low of 47c hopes were entertained that the group had turned the corner. A more cautious approach, however, suggests that Sorec may need some time to recover fully, but that by the 1980s, with virtually no new office building taking place in most of the South African cities, its portfolio of prime high rise buildings should come into its own.

Amaprop extended its pre-tax loss for the six months to end-September from R0.3m to R0.4m and provided R3.7m against the loss on one major investment, the Marina da Gama in Cape Town. Though the marina achieved sales of R1.2m for the period, the directors have concluded that original land costs exceed market value and have therefore made provision for a permanent decline in the value of the land.

The total loss is therefore up from R0.5m to R4.3m and no significant trading improvement is expected in the second six months. The Board says that no dividend is expected this year from Isipingo Property Investments, which owns an industrial township near Durban, and which has paid a dividend for the past few years. Amaprop itself has never paid a dividend, and has arrears of several years on the preference shares. At 20c, the ordinary shares have experienced speculative interest from time to time.

HONG KONG INTEREST RATES

Banks give way under new pressure

BY ANTHONY ROWLEY IN HONG KONG

TWO SHARP rises in interest rates here over the past two weeks—taking the banks' prime lending rate up from 6 per cent to 8.75 per cent—represent more than simply a reaction to rate increases in the U.S. and elsewhere.

They reflect behind-the-scenes moves by the Government to wrest some control over interest rates from the private bank cartel which has traditionally determined them.

Since the Financial Secretary, Mr. Philip Haddon-Cave, hinted a couple of months ago that the Government might have to resort to something firmer than "moral suasion" over the banks to influence rates—in the absence of a central bank to determine them—the economically distorting effects of a cheap money policy in Hong Kong have become increasingly apparent. Hence the suddenness and the scale of the two recent rises, as banks yielded to official pressure.

A good deal more than economic principles and the relative merits of laissez-faire and dirigiste policies is at stake. Official concern appears to have been mounting rapidly in recent weeks over the outflow of funds from Hong Kong, the weakness of the colony's currency and the manifest overheating in certain sectors of the economy.

Against this background, and the failure of the banking system to boost interest rates voluntarily in line with external movements and with the need to temper the property market boom in particular, it was inevitable that the prospect of greater official "suasion" over interest rates would become a reality.

> One of the worrying aspects of Hong Kong's cheap money policy so far this year is its impact on domestic demand, which has helped to push up the trade deficit to a record HK$6bn in the first nine months and seen the Hong Kong dollar fall by 11.5 per cent this year

The major U.S. dollar support package announced on November 1, which directly raised the U.S. discount rate to 9.5 per cent and indirectly caused the New York price rate to rise to 10.75 per cent, obviously forced the hand of Hong Kong to some extent over its moves several days later.

Even so, the 1.5-point jump in the Hong Kong prime (best lending) rate to 8.75 per cent on November 7 was of a size which clearly suggests that the monetary authorities were pressing the banks to make up for lost time over raising rates.

There is still a two point gap between U.S. and Hong Kong lending rates, but of even more significance is the wider gap between the new Hong Kong deposit rates, agreed on the same day as the prime rise, and Eurodollar and Asiadollar deposit rates or U.S. deposit rates. Hong Kong's new deposit rates (effective, like the prime change, from November 9) are 6.75 per cent for the 12-month money, 5.25 per cent for six months, and 4.5 per cent for three months, seven days, call and savings deposits.

With the key 90-day Eurocurrency deposit rate now at about 11.75 per cent, the incentive for a further flow of funds out of the Hong Kong dollar and into the U.S. dollar or other currencies is as great as ever. Even though no official figures are available to quantify this outflow, officials are concerned about it and Citibank estimates a net placement of HK$3.76bn abroad between April and August of this year.

The still yawning gap between lending rates and interbank rates in Hong Kong is also of continuing concern to perhaps all but the major domestic banks.

On November 9, the interbank bid rate was about 11.5 per cent, reflecting the heavy demand for money in Hong Kong, particularly for the property sector. Banks' average liquidity is admittedly high (46.48 per cent on September 30), but it is distributed unevenly through the system, and resides mainly with the big domestic banks who are sellers of money to the foreign banks in the interbank market. Demand in the foreign-exchange swap market (where foreign banks swap U.S. dollars for HK dollars), as well as in the overnight and call money markets has forced up rates to record levels. With all banks wanting to maintain high liquidity in anticipation of Chinese New Year monetary demand — a major demand factor just now — rates in the inter-bank market are unlikely to decline until next February at least. The Mass Transit Railway Corporation is also a net taker of funds in the money market.

The more worrying aspect of Hong Kong's cheap money policy so far this year is its impact on domestic demand, which has helped to push the trade deficit to a record HK$6bn (US$1.28bn) in the first nine months, and (along with currency outflows and heavy purchases of gold via the U.S. dollar) seen the HK dollar fall by 11.5 per cent this year on an index basis.

A large component of this domestic demand is accounted for by construction. Bank loans to this sector were a substantial factor behind the dramatic rise in th money supply—up 29.7 per cent at the end of September over a year previously on the narrower M1 basis and by 30.1 per cent on the broader M2 basis.

Demand on the construction sector, which has shown itself in a 20 per cent rise in the value of building mortgages during the first eight months of this year —demand which is highly interest-rate sensitive—is also a factor behind the concealed inflation. Hong Kong is experiencing at present and which is not reflected in the inflation rate of about 6 per cent as measured by the cost-of-living index. Construction costs are probably running at five times that rate of inflation.

It remains to be seen whether the Hong Kong interest rate rises (which were immediately followed by a 1.5 point rise to 11.50 per cent in two banks' mortgage lending rates) will temper the construction and land boom anything like so effectively as it cooled the stock market in the first three days after the announcement (the Hang Seng Index dropped by a full 88 points, or 13 per cent, or whether it will temper overall domestic loan demand up 36 per cent) at the end of August. The increase is, however, a sign that the Hong Kong authorities now recognise that, as one economist put it: "There is no point in having an open-ended economy without some stabilising factors"—interest rates—and that they are prepared to act upon that realisation through pressure on the bank cartel.

INTL. FINANCIAL AND COMPANY NEWS

NIPPON STEEL

Foreign exchange gains boost profit

BY RICHARD C. HANSON

TOKYO, Nov. 13.

NIPPON STEEL, the world's largest steelmaker, today reported an improvement in net profit for the September 30 half year, and said that it would have shown a loss but for foreign exchange gains and other special factors. The company passed its interim dividend for the second year in a row, because of uncertainty over the second half of the year.

Net profit rose by 37.7 per cent to Y10.70bn ($57m) from Y7.77bn in the comparable period last year. Pre-tax operating profit soared 324 per cent to Y15.61bn because of production cost reductions in areas such as energy consumption which amounted to Y22.5bn over costs in the prior half year. The company estimated its foreign exchange gains in the half at Y20.8bn as the appreciation of the yen made imports less costly, compared with gains for all last fiscal year of around Y33.2bn.

Overall sales were down 3 per cent to Y1,146bn ($6.1bn) export sales dipped about 5 per cent to Y335.8bn.

Production of steel in the half year amounted to 15.676m tons compared with 15.274m tons in the prior half, which ended in March. The company's annual capacity is put at 47m tons, or well above the average 32m tons it is currently producing. It has presented to its labour union plans to reduce capacity by 1980, when demand is expected to be running at around 32-36m tons at its facilities. It plans to take out of service two coking coal furnaces, one electric furnace, while shutting down five mills and consolidating certain types of production at other steelworks.

The improvement in net profit can also be attributed in part to an increased contribution from domestic steel price increases, which in most cases were impossible to enforce in the previous term. Higher export prices are also aiding its current performance.

Mr. Daiso Imai, vice-president, expressed cautious optimism here, saying that net profit will improve somewhat in the latter half of this year if shipments of steel and the exchange rate maintain current levels.

Japanese camera makers see new peaks

BY YOKO SHIBATA

TOKYO, Nov. 13.

TWO LEADING Japanese camera manufacturers, Nippon Kogaku and Minolta Camera, expect to achieve record sales and earnings for the current fiscal year, ending March.

In the first half, Nippon Kogaku (manufacturer of the Nikon camera) lifted its current and net profits to peak levels, by 80 per cent and 30 per cent respectively, to Y2.54bn ($13.5m), and Y1.45bn, on sales of Y40.5bn ($215m), up 13 per cent over a year ago.

Despite the yen appreciation, the company's exports increased 13 per cent to Y19.05bn, which accounted for 47 per cent of the total turnover. The company priced 99 per cent of exports in the yen, so meeting impact of the yen appreciation.

In order to cope with declining export profitability, however, the company raised export prices in the U.S. and European markets. The company benefited from the effect of mass production, on the strength of good sales of cameras and optical goods.

For the current six months, ending next March, Nippon Kogaku expects a further gain in demand, in spite of the yen appreciation and intensifying competition. Sales are projected at a record Y83bn, up 11 per cent, with current profits and net profits also at record levels, of Y4.8bn (up 35 per cent) and Y2.5bn (up 43.3 per cent).

Minolta Camera also reported record interim sales and profits, helped by brisk exports of two models of single-lens reflex cameras. The company's current profits jumped by 86 per cent to Y3.23bn ($17.2m), and net profits went up by 34.6 per cent, on sales of Y42.23bn ($225m), up 28 per cent. Camera sales accounted for 74 per cent of the total sales.

The production cost was reduced substantially by the effect of mass production, supported by strong sales. Minolta's exports accounted for 18 per cent of the total turnover, of which 90 per cent was contracted in the yen, to cope with the yen appreciation. Minolta sees its sales for the current full year ending next March at Y85bn, for a gain of 20.6 per cent, with both current and net profits at Y5.6bn (up 40 per cent) and Y2.4bn (up 20 per cent).

Meanwhile, Ricoh, the maker of copiers and other business machines, as well as cameras, has also announced that it expects record sales and profits for the full year.

This comes with a rise of 26.5 per cent in after-tax profits for the first half, to Y3.72bn ($19.8m), from Y2.94bn in the same period last year. The company is holding its interim dividend at the previous Y3.75.

Ricoh's interim sales rose by 20.4 per cent to Y97.04bn, ($516m) backed by favourable sales of copier machines, which accounted for 65 per cent of the total sales. Despite the yen appreciation, the company's sales went up 13 per cent to Y35.81bn, which accounted for 36.9 per cent of the total turnover. The appreciation in the yen resulted in a Y1.26bn exchange loss stemming from the company's dollar based exports (45 per cent of the total), but this was more or less offset by the effects of mass production and rationalisation measures.

For the current six months, Ricoh faces a setback in exports of copier machines, under the effect of the yen appreciation, which, however, can be covered, it is believed by stronger domestic sales. The company expects sales to reach Y194bn, up 13 per cent, and current and net profits to be respectively Y15.7bn (up 21.7 per cent) and Y7.7bn (up 24 per cent).

Kimet oversubscription

BY RICHARD ROLFE

JOHANNESBURG, Nov. 13.

THE OFFER of 2.5m shares in Kimet, the Johannesburg pyramid company whose main asset is its holding of 50 per cent of Metro Cash and Carry, the fast-growing food distributor, has attracted R84m of subscriptions from the public and, with the shares on offer at 110c each, the issue is 30 times oversubscribed.

Kimet is the first new issue since last year's flotation of Ergo, the Anglo American project extracting gold, uranium and pyrite from East Rand mine dumps, and is the first new issue of an industrial company since Darling and Hodgson, the construction group, in 1973.

The extent of oversubscription will provide problems for Senbank, merchant bankers to the issue, but the Kimet board is believed to favour a compact share register, which suggests that small applications have only a minimal chance of success. No date has yet been announced for the listing, but unsuccessful applicants' refund cheques will be posted at the end of this week, a welcome move which reduces loss of interest to the public.

FIRB aims to help

BY TERRY OGG

THE AUSTRALIAN Government's Foreign Investment Review Board was designed to help, not hinder, overseas investment, Mr. Ronald Dean, head of the Australian Treasury's Foreign Investment division and executive member of the F.I.R.B. said in London yesterday.

His comment came only weeks after the Australian Treasurer, Mr. John Howard, on board advice, had rejected a £20.5m takeover offer by Brooke Bond Liebig for Bushells Investments, the country's largest tea company, on the grounds that it "would be contrary to the national interest."

Mr. Dean is in London on a brief visit prior to joining a high level mission in New York aimed at explaining the workings of the F.I.R.B. and to assure leading U.S. corporations that overseas investment is being encouraged by the present Australian Government. A similar mission will go to Tokyo later this year.

He would not be drawn into a discussion of the reasons behind the Brooke Bond rejection but said he was surprised that the company had said it did not fully understand the Australian requirements when it made its first application.

"There are plenty of opportunities for people to talk to us," Mr. Dean said. "They can talk at a very early stage in the negotiations and as often as they like. We had lengthy discussions with Brooke Bond."

He said that since April, 1976, when the board was established and September, 1978, almost 3,000 applications have been considered. The bulk have been approved. Of the remainder, 841 were approved with certain conditions attached and 19 were rejected outright. A further 95 proposals were lodged but withdrawn for various reasons including a number because the companies involved indicated the requirements could not be met.

There are no specific rules regarding investment in industrial stocks. Each case is treated on its merits. The test is rather subjective in that the investors have to satisfy the board that there are considerable benefits which will flow from the giving up of Australian ownership.

Benefits which the board seeks are fresh capital expenditure in Australia by the acquired subsidiary, introduction of new technology, opening up of new markets and giving the Australian company access to overseas markets, creation of more jobs and providing the Australian company with stronger management.

In the case of resource projects, investors must satisfy a specific guideline of 50 per cent Australian equity in the case of most new projects and 75 per cent local equity in the case of new uranium investments. There is some flexibility in that a proposal will be considered if the investors outline plans to give Australians a 75 per cent or 50 per cent (depending on the project) stake.

Overseas investment has played a significant role in the development of Australian industry, agriculture and resources.

Earnings up at TNT in first quarter

By James Forth

SYDNEY, Nov. 13.

AUSTRALIA'S international transport group, Thomas Nationwide Transport, raised its profit by 15.6 per cent in the first quarter of the current year, from A$4.2m to A$4.87m (U.S.$5.6m), the chairman, Mr. F. Millar told shareholders today at the annual meeting in Sydney. Mr. Millar said that the increase in the operating profit was greater, but that currency movements continued to go against the group.

Revenue for the quarter rose 7 per cent, from A$127.5m to A$136.5m (U.S.$157m). However, the figures for the 1977 September quarter included A$75m from the loss making U.S. subsidiary Acme Fast Freight, which had since been sold. On a comparable basis, group revenue rose 25 per cent for the quarter, while Australian turnover rose between 15 per cent and 20 per cent, with a similar increase taking place in profit.

Mr. Millar said that TNT today was in a stronger position than twelve months ago. The group no longer had any operations incurring substantial losses, and had many which were producing good profits. "We have many operations which are about to produce substantially higher profits," he added.

The chairman disclosed that since the balance date, TNT had increased its holdings in the New Zealand operations, from 71 per cent to 97 per cent.

Mr. Millar said that the sale of Acme Freight had substantially reduced operations in the U.S. "That sale should not be taken as any indication that we have lost faith in the U.S. or that we have withdrawn from that very large, and in our view, important area of operations. We still have some small transport operations in America and will continue to seek opportunities to become more heavily involved in such operations in the future."

Referring to the group's North Atlantic shipping operation, Trans Freight Lines, Mr. Millar said that a positive contribution to profits was looked for in 1978-79. TFL lost A$1.4m last year but this was after severe weather and a "disastrous" longshoremen's strike. The strike alone cost the group about A$3.6m.

Competition was increasing on the North Atlantic service, but new container vessels chartered from the partly owned subsidiary, Bulkships, should give it a significant competitive advantage. Trans Ocean leasing of the U.S., in which TNT has a holding of about 30 per cent, continued to expand and its profitability was good and increasing.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NEW FRENCH-BUILT FACTORY TO MAKE STREET LIGHTING COLUMNS

BY RHYS DAVID

Shedding light from Thornaby-on-Tees

FRANCE'S BUOYANT car industry now has such an important stake on Britain's roads that there is a certain Gallic logic about the latest French investment in the UK, inaugurated last week at Thornaby on Tees, near Middlesbrough, in Cleveland.

In a 157,420 sq ft factory the fast growing French company Petitjean will be producing street lighting columns—or lamp standards as they used to be known—ensuring that all those Renaults, Peugeots and Citroens on British roads will have a better chance of being lit on their way with the help of a French product.

Petitjean, whose new factory was opened by Mr William Rodgers, Secretary for Transport, is yet another French post-war industrial phenomenon—a company which has come from nowhere to world scale in only 20 years. Its founder M. Daniel Petitjean started selling bicycles after the war, later switched to making them, and with the experience he had gained in forming metal decided to manufacture a novel type of lighting column using sheet steel rather than conventional steel tubes or concrete.

The process, which has required the development of bigger and bigger presses, involves folding sections of sheet steel to form a many sided hollow tube. The company's presses in Middlesbrough and France are capable of folding sheet up to 15 metres long and if a taller column is required this can be obtained by simply slotting poles into one another.

The company's product is lighter, easier to transport and more erect than its rivals, with a price somewhere between the more expensive concrete product and the less expensive tubular steel. Its main advantage, however, is its greater safety. Whereas a glancing blow against concrete or tubular steel will do neither car nor passengers any good, sheet steel columns of 3mm or 4mm thickness will bend on impact like broken daffodils.

Export growth

Since 1957 when his first press came into operation, M. Petitjean's company has increased turnover to FFr 350m (£41m), and now claims to be the world's biggest manufacturer of lighting columns, or candelabres, as the French call them. In France the company has 70 per cent of the market, and in Britain it has secured 20 per cent by direct exports from France, including an estimated half of motorway installations. M. Petitjean's poles and masts are in fact to be seen all around the world. Pilgrims arriving by night in Mecca will get their first glimpses of the holy places under the illumination of lights suspended from the French company's poles.

But while Petitjean's growth has not been unusual its choice of the UK for its first manufacturing unit away from its main base in Troyes, 100 miles south east of Paris, is perhaps surprising. French companies have never been in the vanguard of overseas investment and have tended to regard Britain, with its reputation for difficult industrial relations, as one of the last places to risk capital.

The credit for persuading the company to bring possibly as many as 200 jobs in the long term to the North East goes largely to M. Paul Golay, an Anglophile Frenchman resident in Britain for 25 years, the last 10 of them with Petitjean as its London-based director in charge of sales to the British market.

While the claims of Germany as a second manufacturing base were strong M. Golay was able to persuade M. Petitjean, still very much the dominant *patron* that Britain had a number of advantages. In the first place Britain happens to be a very good market for lighting columns. Compared with France or even Germany, Britain is much more built up, and because towns are very often close to each other the gaps tend to be filled in with street lighting.

The M1 with its 49 miles of continuous lighting is probably a world record of its kind, according to M. Golay, and there are other British lighting firsts. If, anywhere in Europe, there is a bigger area lighting scheme—clusters of high intensity lights on a single very high mast—than in Glasgow, M. Golay has yet to hear of it. For this scheme Petitjean supplied 112 masts 35 metres high.

There is also the prospect of renewed growth in the UK market which has been affected since the oil crisis four years ago by cuts in public expenditure on roadbuilding. Though motorway building is unlikely to regain its previous peaks, a number of motorway lighting schemes are going ahead. The company is also hoping to benefit from the switch which the Post Office will be making in the 1980s from wood to steel telephone poles, creating a large and continuing new market. Petitjean has won an initial order in the UK too, for a new design of electricity pylon. A single or H-shaped structure, it has already been introduced in France and could eventually change the appearance of the countryside by replacing the lattice towers which now support high voltage power lines.

The size of the UK market, which was after all already being successfully penetrated by exports from France, was not the clincher however. An important attraction was the worldwide role played by British consulting engineers. The establishment of a British manufacturing base was seen as important in getting the company's products specified in some of the major contracts for which UK consulting engineers are responsible in the Middle East, Africa and Asia.

With these opportunities in mind both in Britain and overseas, Petitjean's move into UK manufacturing is going to "be bold." The French plant, which employs about 1,200 people, can produce 5,000 columns a day and its British sister will build up within a few years to around 1,000 columns a day.

Plant capacity

The policy of the company, M. Golay points out, has always been one of investment well ahead of demand. Export orders when they come, can be very large so the UK plant will have the capacity to meet them, and it will also be in a position to back up the French plant when it has a big order to deliver.

The company has also consciously sought to concentrate its strength on the business it knows best—folding sheet steel into columns. It has resisted the temptation of moving into other street furniture such as bollards, crash barriers, and traffic signs, and has eschewed a move into lighting equipment itself, where it would be competing with the big companies it has to work with. Where it has expanded it has been almost entirely into closely allied fields, such as pylons, antennae masts, and flagpoles.

It is a scale of operation and single-mindedness which suggests the somewhat fragmented UK industry could be in for a blast of very keen competition. The UK industry consists of about a dozen companies of which the most important are the British Steel Corporation and Concrete Utilities, with BICC, Hemcol, Fabricat, and Abacus also in the field. Paradoxically, the BSC makes concrete as well as tubular sheet columns, and also supplies smaller companies with tube, while Concrete Utilities is in sheet and tubular steel as well as concrete. The Thorn Group, a major manufacturer of lighting carried on the columns, also has a stake through its Metel Developments subsidiary, which makes aluminium columns.

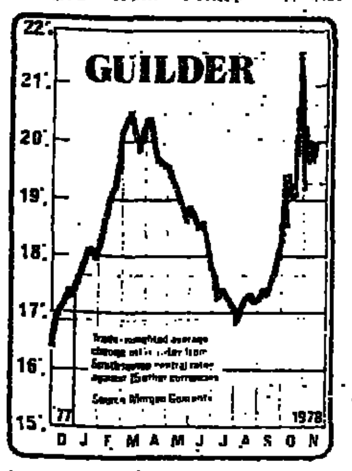
It remains a puzzle to M. Golay that companies should be still making concrete or tubular steel at all, and for safety reasons alone he is convinced the sheet column will take over. Roughly 10 per cent of road fatalities, he points out, are caused by impact with street lighting columns.

Despite his confidence in the Petitjean product, however, the move to Middlesbrough remains an act of faith, and M. Golay admits he now has to show his colleagues how successful it can be. As a long time resident who believes he understands British ways he is hopeful. Co-operation with the unions in setting up the plant has been very good and he has been impressed with the level of skills he has been able to attract. "I am sure we can equal the French company in efficiency. The British have developed a sense of ingenuity because they do not like doing it the hard way. This will enable us to compete and still have a tea break," he says.

Currency, Money and Gold Markets

Dollar steady in quiet trading

Trading in yesterday's foreign exchange market was at a generally low level, with little in the way of fresh news to influence dealings. The dollar probably received much less support than in the past week or two and since trading was so thin, there was hardly any need. Some selling of the U.S. unit became apparent during early afternoon but intervention by the Fed pushed it to its best levels for the day around mid-afternoon. However towards the close the dollar again began to fall away and closed very little changed from Friday's levels.



Against the Swiss franc it finished at SwFr 1.6260 from SwFr 1.6235, having touched SwFr 1.6385 during the day. Similarly the D-mark touched DM 1.8925 before closing at DM 1.8850 compared with DM 1.8845 on Friday.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation narrowed slightly to 9.8 per cent from 9.9 per cent. Using Bank of England figures, its index was unchanged at 83.2.

Sterling resisted the various currency trends during the day and after opening at 62.1, its trade weighted index rose slightly to 62.2 at noon where it stayed for the closing calculation, unchanged from Friday. Against the dollar, sterling opened at $1.9630 and briefly touched $1.9690 before settling back to $1.9680-1.9675, where most of the day's business was seen. With the Fed supporting the dollar it fell to $1.9630 before closing at $1.9665-1.9675, a loss of just 10 points. Against the D-mark, the pound eased slightly to DM 3.7075 against DM 3.7100 previously.

FRANKFURT—The dollar was little changed at yesterday's fixing from Friday's level, at DM 1.8870 compared with DM 1.8875. There was no intervention by the Bundesbank, the first time that this has happened since early November and this tended to reflect the rather dull conditions prevailing in the market. In early trading the dollar touched DM 1.8927½, but at this level met with some profit taking and eased back to trade mainly around its fixing level for most of the session. In later trading the Bundesbank may have given a small amount of support to maintain the dollar rate which was quoted at DM 1.8910, slightly off the afternoon high of DM 1.8940.

PARIS—Yesterday's fixing of FFr 4.3075 was slightly firmer than the previous fixing of FFr 4.3010 for the dollar. By the end of business, the U.S. unit was trading at FFr 4.3075 with apparently little or no intervention by the authorities. Against other European currencies the franc was a little weaker at DM 2.2840 from DM 2.2735 against the D-mark and SwFr 2.6425 compared with SwFr 2.6410 in terms of the Swiss franc. Sterling improved somewhat to FFr 8.4750.

AMSTERDAM—The dollar was fixed at Fl 2.0350 against Fl 2.0400 previously. Trading has tended to be quiet with dealers citing the next meeting of European officials on the proposed European Monetary System starting on December 4, as being the main factor likely to affect dollar movements.

MILAN—In quiet trading the dollar was fixed at L838.70 against L838.80 previously. The Bank of Italy was reported to have sold around half of the $13m traded at the fixing.

TOKYO—Trading was generally calm with the dollar showing a slight gain against the yen to close at Y188.8, compared with Friday's close of Y188.10. Recent intervention by central banks in support of the dollar, has made many people unwilling to be left short, while on the other hand it is agreed that the U.S. unit requires a further confidence boost in order to stimulate any fresh demand.

THE POUND SPOT / FORWARD AGAINST £

Nov. 13	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9600-1.9690	1.9665-1.9675	0.47-0.37c pm	2.56	1.51-1.21c pm	2.55
Canadian $	10¾	2.3060-2.3100	2.3060-2.3070	0.65-0.55c pm	3.12	2.10-1.90c pm	3.51
Guilder	6½	3.99½-4.03	4.00-4.01	2¼-1¼c pm	5.19	6½-5½c pm	5.95
Belgian F	6	58.00-58.60	58.00-58.10	25-15c pm	4.13	95-70c pm	5.34
Danish K	8	10.25-10.28	10.25½-10.27½	½-2½ore dis	-1.75	5½-5¼ ore dis	-1.66
D-Mark	5	3.68½-3.73	3.70¾-3.71¾	3½-2½ pf pm	10.52	10½-9½ pf pm	10.65
Port. Esc.	18	88.75-90.75	90.20-90.70	40-140c dis	-11.94	170-550c dis	-11.06
Span. Pes.	8	139.50-140.00	139.40-139.50	90-190c dis	-12.05	420-520c dis	-13.48
Lira	10½	1,645-1,653	1,648½-1,649½	1-4 lire dis	-1.81	6-8 lire dis	-1.82
Norwgn. K.	7	9.85-9.90	9.86½-9.87½	2ore pm-par	0.61	1ore pm-2 dis	-0.10
French Fr.	9½	8.42-8.50	8.46½-8.47½	4½-3½c pm	5.85	12½-11½c pm	5.55
Swedish Kr.	6½	8.61-8.65	8.60½-8.64½	4½-2½ ore pm	4.57	9½-7½ ore pm	4.10
Yen	3½	365-375	370½-371½	4.10-3.60y pm	12.78	11.1-10.6y pm	11.82
Austria Sch.	4½	27.05-27.25	27.17-27.22	15-5 gro pm	4.41	40-30 gro pm	5.15
Swiss Fr.	1	3.18½-3.22	3.19½-3.20½	4-3c pm	16.18	11½-10½c pm	14.06

Belgian rate is for convertible francs. Financial franc 59.30-59.40.

Six-month forward dollar 2.53-2.23c pm; 12-month 4.35-4.25c pm.

THE DOLLAR SPOT / FORWARD AGAINST $

November 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada $*	85.32-85.38	85.35-85.38	0.03-0.06c pm	0.60	0.20-0.23c pm	0.99
Guilder	2.0380-2.0418	2.0395-2.0418	0.56-0.48c pm	2.94	1.85-1.75c pm	3.36
Belgian Fr	29.56-29.65	29.60-29.65	5-2c pm	144	21-17c pm	2.55
Danish Kr	5.2260-5.2225	5.2200-5.2225	1.75-2.25ore dis	-4.60	5.25-5.75ore dis	-4.17
D-Mark	1.8820-1.8975	1.8820-1.8830	1.32-1.26pf pm	8.33	3.93-3.87pf pm	8.11
Port. Esc	46.85-46.10	45.85-46.05	35-130c dis	-27.05	130-500c dis	-27.30
Span. Pta	70.87-70.94	70.89-70.94	30-55c dis	-7.19	160-200c dis	-9.93
Lira	837.75-839.20	838.90-839.20	2.40-2.90lire dis	-3.79	8.25-9.25lire dis	-4.17
Norwgn. Kr	5.0200-5.0265	5.0200-5.0225	0.10-0.50ore dis	-0.72	2.85-3.25ore dis	-2.43
French Fr	4.2900-4.3195	4.3170-4.3195	1.40-1.20c pm	3.77	3.25-3.05c pm	2.92
Swedish Kr	4.3370-4.3460	4.3430-4.3460	0.85-0.65ore pm	2.07	1.70-1.50ore pm	1.47
Yen	188.65-188.80	188.65-188.75	1.75-1.65y pm	10.65	4.63-4.53y pm	9.49
Austria Sch	13.7950-13.8480	13.8300-13.8400	5.75-4.75gro pm	4.57	15.0-12.5gro pm	3.98
Swiss Fr	1.6250-1.6345	1.6330-1.6345	1.49-1.45c pm	10.89	4.64-4.65c pm	11.27

* U.S. cents per Canadian $

CURRENCY RATES

November 10	Special Drawing Rights	European Unit of Account
Sterling	—	0.678296
U.S. dollar	—	1.33541
Canadian dollar	—	1.56712
Austrian schilling	—	18.0219
Belgian franc	—	38.5169
Danish kroner	—	6.95784
Deutsche Mark	—	2.52072
Guilder	—	2.72408
French franc	—	5.75373
Lira	—	1120.41
Yen	—	251.104
Norwegian kroner	—	6.79597
Peseta	—	94.7162
Swedish kroner	—	5.79962
Swiss franc	—	2.17346

CURRENCY MOVEMENTS

November 13	Bank of England Index	Morgan Guaranty changes %
Sterling	62.21	-41.7
U.S. dollar	83.25	-9.8
Canadian dollar	79.95	-17.3
Austrian schilling	144.23	+18.7
Belgian franc	114.16	+15.1
Danish krone	117.38	+6.7
Deutsche Mark	137.57	+40.2
Swiss franc	199.18	+89.0
Guilder	123.51	+20.0
French franc	96.89	-6.1
Lira	56.40	-48.0
Yen	153.66	+51.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Nov. 13	£	$		Note Rates
Argentina Peso	1,819-1,823	924.75-926.75	Austria	27-28½
Australia Dollar	1.7080-1.7115	0.8665-0.8708	Belgium	60-61½
Finland Markka	7.8050-7.8150	3.969-3.9710	Denmark	10.20-10.35
Brazil Cruzeiro	38.44-38.64	19.55-19.65	France	8.40-8.60
Greek Drachma	71.577-73.226	36.35-37.25	Germany	3.66-3.76
Hong Kong Dollar	9.40-9.42	4.7800-4.7900	Italy	1610-1660
Iran Rial	[illegible]	70.40-70.70	Japan	370-380
Kuwait Dinar (KD)	0.527-0.537	0.2715-0.2718	Netherlands	3.95-4.05
Luxembourg Franc	58.00-58.10	29.60-29.52	Norway	9.83-9.93
Malaysia Dollar	4.2950-4.3100	2.1830-2.190	Portugal	90-110
New Zealand Dollar	1.8912-1.9582	0.9410-0.9945	Spain	141-145½
Saudi Arab. Riyal	6.46-6.56	3.3050-3.3150	Switzerland	3.15-3.25
Singapore Dollar	4.2714-4.2814	2.1750-2.1760	United States	1.97-1.98
South African Rand	1.6979-1.7259	0.8632-0.8764	Yugoslavia	41-43½

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Nov 13	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.967	3.708	370.6	8.468	3.200	4.005	1649	2.307	58.05
U.S. Dollar	0.508	1	1.885	188.4	4.305	1.627	2.036	838.5	1.173	29.51
Deutsche Mark	0.270	0.531	1	99.97	2.284	0.863	1.080	444.8	0.622	15.66
Japanese Yen 1,000	2.698	5.307	10.00	1000.	22.85	8.634	10.81	4450	6.225	156.6
French Franc 10	1.181	2.323	4.379	437.7	10.	3.779	4.730	1948	2.724	68.56
Swiss Franc	0.313	0.615	1.159	115.8	2.646	1.	1.252	515.4	0.721	18.14
Dutch Guilder	0.250	0.491	0.926	92.54	2.114	0.799	1.	411.8	0.576	14.49
Italian Lira 1,000	0.606	1.193	2.248	224.7	5.134	1.940	2.428	1000.	1.398	35.20
Canadian Dollar	0.434	0.853	1.607	160.7	3.671	1.387	1.736	715.0	1.	25.17
Belgian Franc 100	1.723	3.388	6.387	638.5	14.59	5.512	6.899	2841	3.975	100.

EURO-CURRENCY INTEREST RATES*

Nov. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12⅞-13	9⅝-10	8¼-9¼	7⅞-8⅛	par-¼	1¼-1¾	6¼-7	12-16	—	[illegible]
7 day's notice	13⅝-13⅞	9⅞-10⅛	8⅞-9⅛	7⅞-[illegible]	par-⅛	1½-2	[illegible]-7¼	14-16	11⅛-11⅜	[illegible]
Month	13⅜-14	10-11⅛	9¼-10¼	7⅝-7⅞	par-⅛	2⅛-2⅜	7⅛-7⅜	14½-15½	10⅝-11⅛	[illegible]
Three months	14¼-14⅜	11⅝-11⅞	[illegible]	8-8¼	[illegible]	[illegible]	8⅛-[illegible]	15-16	10⅞-11⅛	[illegible]
Six months	14¼-14⅝	11⅞-12⅛	[illegible]	7⅞-8	[illegible]	[illegible]	[illegible]	15½-16½	11⅛-12	[illegible]
One year	14¼-14⅜	11⅝-12⅞	[illegible]	7⅝-7⅞	[illegible]	[illegible]	10⅝-11⅛	6-7	11⅛-[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.20-10.30 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 11.60-11.70 per cent.

Long-term Eurodollar deposits: Two years 10¾-11 per cent; three years 10⅝-10⅞ per cent; four years 10⅝-10⅞ per cent; five years 10⅝-10⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates decline

Interest rates were generally easier in Europe but remained under some pressure in the U.S. as the First National Bank of Chicago led the way to more expensive credit by raising its prime lending rate to 11 per cent from 10¾ per cent. Federal funds were slightly firmer in early trading, rising to 9⅝ per cent from 9½ per cent at the same time on Friday.

Conditions in Europe pointed towards a continued reduction in rates however, with call money in Amsterdam and Brussels falling, while the Belgian National Bank reduced short-term bond rates once again. In Paris the Bank of France cut its purchase rate for first category paper by ⅛ per cent to 6⅞ per cent, leading to suggestions that a fall in commercial bank base rates from the present level of 8.90 per cent is likely.

PARIS—Call money was unchanged at 7 per cent, while fixed period rates were mostly easier. One-month funds eased to 6⅞-7 per cent from 6⅞-7⅛ per cent; three-month money was unchanged at 7⅛-7¼ per cent; six-month fell to 7⅜-7½ per cent from 7⅝-7¾ per cent, and 12-month to 8⅛-8⅜ per cent from 8¼-8½ per cent.

AMSTERDAM — Call money eased to 7⅞-8⅛ per cent from 8-8⅛ per cent; but one-month rose to 8-8⅛ per cent from 7¾-7 per cent; and three-month to 8-8⅛ per cent from 7⅞-8⅛ per cent. Technical shortages are expected to develop in the money market over the next few months as tax payments fall due.

BRUSSELS — Belgian interest rates continued to decline, reflecting the easing of pressure on the Belgian franc in the European currency snake. Short-term Belgian Treasury certificates rates were cut again, making the fourth reduction in the last six trading days. One-month and two-month certificates were lowered 0.25 per cent, to 9.25 per cent, and three-month bonds were cut by the same amount, to 9 per cent. Deposit rates for the Belgian franc (commercial) were generally steady, although one-month funds eased to 9¼-9½ per cent. Three-month money was unchanged at 9⅛-9⅜ per cent, and six-month and 12-month remained at 8⅞-8⅞ per cent.

FRANKFURT—Call money rose to 1.8-2.0 per cent in interbank trading yesterday, from 0.9-1.0 per cent on Friday. Before the week-end the Bundesbank announced a rise of DM 1.6bn in its currency reserves during the first week of November. This compares with an increase of DM 1.7bn in the last week of October, and a rise of DM 8.5bn for the whole of that month. These large increases have been caused by the authorities intervention to support the dollar in the foreign exchange market, which has leaked through to produce very liquid conditions in the domestic money market. Short-term fixed period rates were steady.

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Trading was rather nervous in the London money market yesterday as dealers waited to see whether the other clearing banks would follow National Westminster in lifting base lending rate by 1 per cent to 12½ per cent. Other moves are confidently expected but the general level remains in doubt.

Short-term fixed period interest rates remained firm but longer term rates tended to decline, leading to a more pronounced reversed yield curve.

Large sales of gilt edged stock before the week-end was the major factor behind a shortage of day-to-day money, and the market was also faced with a small monthly adjustment of special deposits and a small rise in the note circulation.

These outweighed fairly large surplus balances carried forward by the banks and a very large number of net maturing Treasury bills.

Total assistance given to the market was large, with the authorities buying a large amount of Treasury bills from the discount houses and a small number of local authority bills.

The houses paid up to 12½ per cent for secured call loans but closing balances were taken at 7-8 per cent.

GOLD

Firmer tendency

Gold improved by $2¼ an ounce in the London bullion market yesterday to close at $209¾-210¼. Trading was at a generally low level and after opening at $208-208½, the metal was fixed during the morning at $209.10. The afternoon fixing showed a slight weakening to $208.10 before firming towards the close.

In Paris the 12½ kilo bar was fixed at FFr 29,100 ($210.12 per ounce) compared with FFr 29,100 ($210.54) in the morning and FFr 29,100 ($210.44) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 12,730 ($209.72 per ounce) compared with DM 12,750 ($210.0) previously.

	Nov. 13	Nov. 10
Gold bullion (a fine ounce)		
Close	$209¾-210¼	[illegible]
Opening	$208-208½	$207¾-208¼
Morning fixing	$209.10 (£106.261)	$209.60 (£106.542)
Afternoon fixing	$208.10 (£105.805)	$209.55 (£104.975)
Gold Coins domestically		
Krugerrand	$214-216 (£109-110)	$213-215 (£108-109)
New Sovereigns	$61-63 (£31-32)	$60-62 (£30-31)
Old Sovereigns	$60-62 (£30½-31½)	$59-61 (£30-31)
Gold Coins internationally		
Krugerrand	$216-218 ($109½-110½)	$212-215 (£108-109)
New Sovereigns	$61-63 (£31-32)	$55-58 (£28-29)
Old Sovereigns	$60-62 (£30½-31½)	$55-61 (£30-31)
$20 Eagles	$288-291	$287-292
$10 Eagles	$151-155	$150-155
$5 Eagles	$95-100	$95-100

LONDON MONEY RATES

Nov. 13 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Discount Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	7-15	—	—	—	11	7-12½	—	—	—
2 days notice	—	—	12¼	—	—	—	—	—	—	—
7 days or ...	—	—	—	—	—	11¾	—	—	—	—
7 days notice	—	11¾-12	12-12	—	—	12½	11¾-12½	—	—	—
One month	12⅛-12	12¼-12⅝	12⅛-12	12½-12¾	12½	12½	11¾-12½	12⅛	12¾	13
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four-month trade bills [illegible] per cent. Approximate selling rate for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent; one-month trade bills [illegible] per cent; two-month [illegible] per cent; three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) [illegible] per cent from November 1, 1978. **Clearing Bank Deposit Rates** for small sums at seven days' notice [illegible] per cent. **Clearing Bank Base Rates** for lending [illegible] per cent. **Treasury Bills:** Average tender rates of discount [illegible] per cent.

MONEY RATES

NEW YORK	
Prime Rate	[illegible]
Fed Funds	[illegible]
Treasury Bills (13-week)	[illegible]
Treasury Bills (26-week)	[illegible]
GERMANY	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
FRANCE	
[illegible]	[illegible]
JAPAN	
Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on November 13, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n c) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Afghanistan ... Afghani	[illegible]	Ecuador ... Sucre	[illegible]	Liechtenstein ... Swiss Franc	[illegible]	Grenada ... E. Caribbean $	[illegible]
[illegible]	[illegible]	Egypt ... Egyptian £	[illegible]	Luxembourg ... Lux Franc	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Ethiopia ... Ethiopian Birr	[illegible]	Macao ... Pataca	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Falkland Is. ... Falkland Is. £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bahamas ... Ba. Dollar	[illegible]	Gabon ... C.F.A. Franc	[illegible]	Nauru Is. ... Aust. Dollar	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Germany ... Deutsche Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Haiti ... Gourde	[illegible]	Pakistan ... Pak. Rupee	[illegible]	[illegible]	[illegible]
Cameroon Rp. ... C.F.A. Franc	[illegible]	Hungary ... Forint	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Iceland (S) ... I. Krona	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Jamaica (S) ... Jamaica Dollar	[illegible]	[illegible]	[illegible]	Venezuela ... Bolivar	[illegible]
[illegible]	[illegible]	Kampuchea ... Riel	[illegible]	Portugal ... Port. Escudo	[illegible]	Vietnam ... Dong	[illegible]
Denmark ... Danish Krone	[illegible]	Laos ... Kip Pot Pol	[illegible]	[illegible]	[illegible]	Yemen ... Rial	[illegible]
[illegible]	[illegible]	Liberia ... Liberian $	[illegible]	[illegible]	[illegible]	Zambia ... Kwacha	[illegible]

[illegible]

THE JOBS COLUMN

Latest indicators of managerial salaries

BY MICHAEL DIXON

HERE again is the Jobs Column's thrice-yearly table of salary indicators, compiled from the survey published by Reward (1, Mill Street, Stone Staffordshire ST15 8BA—telephone 078 583 4554). The table's figures, which with one exception relate only to people aged 33 to 37, are based on roughly 2,200 managers and specialists who registered in the four months ended with September as job-candidates with the Government-sponsored Professional and Executive Recruitment agency.

The left-hand batch of figures relates to all candidates in the particular category, whether they had a paper "qualification" or not. The right-hand batch covers only those deemed professionally qualified. The comparative figures in brackets show the positions of candidates in the corresponding four-month period of 1977.

If each category's candidates were ranked by salary, the person a quarter way up would be paid the lower quartile figure; the one in the middle the median; and the person a quarter way down the upper quartile.

For comparison, employees of international or big national concerns should add 13.5 per cent to the table's figures; those in "regionals" employing 200 to 1,000 should add 10.5 per cent; the rest should add 5 per cent to compensate for time lag.

Age group 33-37	All in sample: Lower quartile £	(1977) £	Median £	(1977) £	Upper quartile £	(1977) £	Professionally qualified only: Lower quartile £	(1977) £	Median £	(1977) £	Upper quartile £	(1977) £
General managers	6,000	(5,350)	8,000	(6,500)	10,000	(8,250)	7,500	(6,000)	9,000	(7,500)	11,750	(8,537)
Admin. managers	3,600	(3,475)	4,425	(4,300)	5,575	(4,900)	—	—	—	—	—	—
Company secretaries	5,000	(4,512)	6,500	(5,875)	6,600	(7,575)	5,750	(5,812)	6,500	(6,500)	6,500	(8,387)
Accountants	4,700	(4,137)	5,500	(5,000)	6,900	(6,300)	5,050	(5,000)	6,000	(6,000)	7,450	(7,212)
Cost accountants	4,250	(4,175)	5,350	(5,000)	6,800	(5,750)	4,837	(4,550)	6,125	(5,500)	7,000	(6,225)
Management services & computer managers	5,500	(5,250)	6,500	(6,325)	7,550	(7,000)	—	(6,425)	—	(6,750)	—	(7,150)
Systems analysts	4,500	(4,825)	6,000	(5,150)	7,850	(5,800)	—	—	—	—	—	—
Programmers	3,750	(3,800)	4,750	(4,400)	6,000	(4,900)	—	—	—	—	—	—
O & M/work study officers	4,300	(3,762)	4,850	(4,200)	5,500	(4,775)	4,675	(3,800)	5,275	(4,450)	5,775	(4,900)
Personnel executives	4,600	(4,000)	5,700	(4,700)	6,687	(5,525)	5,800	(4,700)	7,450	(5,150)	8,250	(6,050)
Training executives	4,900	(3,925)	5,550	(4,325)	6,450	(5,500)	4,637	—	5,725	—	7,325	—
P.R. executives	3,350	(3,737)	4,000	(4,600)	4,500	(5,225)	3,650	—	4,450	—	5,837	—
Marketing managers	5,737	(4,975)	6,750	(5,700)	8,000	(6,900)	6,050	(5,025)	6,600	(5,625)	8,000	(7,437)
Sales managers	5,000	(4,500)	6,000	(5,100)	6,975	(6,000)	5,562	—	6,500	—	7,500	—
Sales office managers	3,600	(3,500)	4,250	(4,000)	5,000	(4,550)	—	—	—	—	—	—
Sales representatives	3,600	(3,000)	4,350	(3,775)	5,500	(4,500)	4,000	—	5,000	—	5,750	—
Technical sales representatives	3,887	(3,500)	4,275	(4,000)	5,000	(4,687)	—	—	—	—	—	—
Retail management	3,500	(3,262)	4,425	(4,000)	5,287	(4,975)	—	—	—	—	—	—
Production managers—engineering	4,500	(4,300)	5,300	(4,825)	6,025	(5,500)	5,300	(4,737)	6,000	(5,500)	6,700	(6,500)
Production managers—non-engineering	4,600	(3,912)	5,000	(4,500)	5,950	(5,500)	5,000	(4,187)	5,600	(5,950)	6,312	(6,775)
Production engineers	4,337	(3,900)	4,800	(4,500)	5,650	(5,000)	4,700	(4,000)	4,875	(4,750)	5,350	(5,650)
Mechanical engineers /	4,850	(4,087)	5,750	(4,600)	6,625	(5,200)	5,500	(4,425)	6,150	(4,850)	6,900	(5,500)
Electrical engineers	4,250	(3,950)	5,100	(4,500)	6,300	(5,500)	4,600	(4,000)	6,000	(4,750)	7,650	(5,750)
Quality control engineers	4,000	(3,800)	4,950	(4,150)	5,500	(4,700)	4,950	(4,112)	5,500	(4,725)	6,850	(5,037)
Draughtsmen	4,000	(3,500)	4,250	(3,950)	4,962	(4,512)	4,175	(3,675)	4,800	(4,250)	5,600	(5,000)
Civil engineers	4,500	(4,000)	5,125	(4,800)	6,175	(5,500)	5,662	(4,500)	6,175	(5,300)	6,687	(6,600)
Engineering technicians	4,000	(3,500)	4,700	(4,000)	5,412	(4,500)	4,325	(3,500)	4,825	(4,200)	5,575	(4,500)
Quantity surveyors	4,000	(4,500)	4,800	(5,000)	5,450	(5,950)	—	—	—	—	—	—
Chemists	4,200	(3,800)	5,000	(4,400)	6,300	(5,000)	4,250	(3,800)	5,500	(4,550)	6,550	(5,537)
Metallurgists	4,325	(3,925)	5,300	(4,550)	5,600	(5,275)	—	—	—	—	—	—
*Physicists	4,350	(3,925)	4,725	(4,400)	5,712	(5,350)	4,200	—	4,800	—	5,825	—
Distribution executives	4,162	(3,500)	5,000	(4,250)	6,000	(5,000)	—	—	—	—	—	—
Purchasing executives	4,000	(3,700)	4,775	(4,250)	6,075	(5,000)	5,000	(4,150)	5,600	(5,000)	6,300	(5,300)

*Age group 31-35.

LEGAL NOTICES

No. 003425 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of LOPHER (PLUMBING & HEATING) LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 26th day of October 1978, presented to the said Court by RANDALLS GROUP LIMITED whose registered office is situate at 20-22 St. Mary's Street, Bedford, Beds., Builders Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 27th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2-3 Hind Court,
Fleet Street,
London EC4A 3DS
Ref: F. BIRD
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 24th day of November 1978.

No. 003425 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of TOWER MECHANICAL SERVICES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 26th day of October 1978, presented to the said Court by YOUNG & MARTEN LIMITED whose registered office is situate at 1, Romford Road, London E15 4LH, Builders Merchants and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 27th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

[illegible]

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 24th day of November 1978.

No. 003519 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of R. A. LESTER (RETAIL) LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 6th day of November 1978, presented to the said Court by PALMER AND HARVEY LIMITED whose registered office is situate at 42 New North Road, London N1 6JD, Wholesale Tobacconists and Confectioners, a Creditor of the above-named Company and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 11th day of December 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

ASHLEY KALMS
TRAVELL & CO.
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Essex SS1 1QU
Ref: DW SM 393. Tel: (0702) 66646.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 8th day of December 1978.

PUBLIC NOTICES

STRATHCLYDE REGIONAL COUNCIL £6,000,000 Bills, issue date 15.11.78, maturing 14.2.79, at 11 59/64%. Applications totalled £62,000,000 and there are £24,000,000 Bills outstanding.

APPOINTMENTS

Main Board post for director of Rank personnel

Mr. Leslie Bond, director of personnel and corporate relations of the RANK ORGANISATION, has been appointed to the board. Mr. Bond, who joined Rank a year ago, has been a member of the managing director's executive committee and has overall responsibility for personnel, advertising, public relations, market research and purchasing.

★

The DELTA METAL COMPANY has made the following changes within its electrical division from January 1, 1979. Sir Henry Chilver, vice-chancellor of the Cranfield Institute of Technology and a director of Delta Metal, joins the division board as a non-executive director. Mr. Bill Colman also moves on to that division board as executive chairman of British Electrical Repairs following the retirement of Mr. Philip Burns. Mr. Harry Warner continues as managing director of the company and Mr. Colman remains a divisional director of the components division until the end of this year. Mr. Bruce Appleton becomes production director of Midland Electric Manufacturing. He relinquishes his position as director and general manager of Delta Wire and Delta Rods, Wolverhampton. At the end of next month, Mr. Eugene Kraft joins MEM as director responsible for overseas manufacturing activities, and Mr. Tom Smith will be in charge of a newly-formed MEM division—MEM Panels and Systems. Mr. Tom Reilly has been made managing director of Bill Switchgear due to the impending retirement of Mr. Bernard Massey.

★

LOWE AND BRYDONE has made Mr. Michael Denny managing director and Mr. Peter Goodman sales director.

★

Mr. M. G. Rich has been appointed sales director of WELLMAN ENEFCO, a subsidiary of Wellman Mechanical Engineering.

★

BARLOW RAND has appointed the following four new full directors, Mr. D. E. Cooper, electrical and general engineering, mechanical handling equipment and engineering supplies; Mr. J. C. Hall, ferro-alloy and stainless steel manufacture; remaining managing director of the Middelburg Steel and Alloys group; Mr. A. A. Sealey, continues as a director of Rand Mines and head of the coal section; and Mr. D. T. Watt, who remains a director of Rand Mines and head of the gold and uranium mining section.

★

Mr. John A. Penney has joined Ferranti as general manager of the microwave division of FERRANTI ELECTRONICS.

★

Mr. Eric S. Gibbons has been appointed a director of the AURORA HOLDINGS group board. Since 1972 he has been chairman of the COLTNESS GROUP which, in 1977, became a wholly-owned subsidiary of Aurora Holdings. Other Board changes of the company are: Mr. D. H. G. Davies to be chief executive of Aurora's steel division. Mr. R. Cox, formerly deputy managing director of Osborn Steels, a unit of Aurora's steel division, has been made managing director. Mr. L. G. Runciman, previously deputy managing director of Osborn-Mushet Tools, becomes managing director. Mr. R. E. Fenner is now managing director of Osborn Steel Stockholders, which is also within Aurora's steel division. He was chief executive, Lindley Steels.

★

Mr. F. A. Larcombe, a director of AQUASCUTUM, has been appointed managing director, men's division, following the retirement of Mr. J. Parker.

★

Mr. W. H. Holland has been appointed operations director, manufacturing, of LYONS BAKERY.

★

Mr. Peter Dickinson has joined the board of NEILSON McCARTHY. Peter Dickinson Associates remains an independent consultancy.

★

Mr. Ron Disney, a director of the GRANT WARDEN GROUP OF STORES, has been appointed managing director.

★

Mr. N. H. Burgess has resigned as a director and company secretary of WILLIAM JACKS & CO. Mr. H. L. Crunden has been appointed secretary.

★

Mr. M. R. A. Percy, who has been responsible for European operations of the STERLING COMPANY, will relinquish his executive duties but will remain a non-executive director of the company, following the decision to integrate European operations with the UK-based company operating in complementary fields of activities.

★

Mr. Charles Course has been appointed vice-president, marketing of the DOUGLAS AIRCRAFT COMPANY. [illegible]

★

DEBORAH SERVICES [illegible]

★

Mr. J. L. B. Baker has been appointed a director of [illegible]

★

Mr. R. T. Madigan has been appointed a deputy chairman of [illegible] AUSTRALIA [illegible]

★

Mr. Ian Ferguson has been appointed manager, group services, of BARCLAYS UNICORN GROUP.

★

Mr. J. Russell King [illegible] FARMERS' CO-OPERATIVE [illegible]

★

The Board of COMBINED ENGLISH STORES GROUP [illegible]

★

The AUSTRALIAN MUTUAL PROVIDENT SOCIETY [illegible]

★

Mr. R. G. Hine has been appointed director of retail operations at THOMAS BORTHWICK AND SONS from January 1, 1979. [illegible]

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WORLD STOCK MARKETS

Dow falls 15 on inflation worries

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—82½% (83¼%)
Effective $1.9670 38% (38¾%)

IN THE FACE of further depressing inflation news, including another rise in the Prime Rate, attempt of the past few sessions suffered its biggest setback for nearly two weeks yesterday in moderate activity.

The Dow Jones Industrial Average fell 15.08 to 792.01 and the NYSE All Common Index retreated 80 cents to $51.83, while declines predominated over gains by 1,290 to 275. Turnover picked up to 20.96m shares from last Friday's very low level of 16.75m.

First National Bank of Chicago yesterday raised its Prime Rate from 10¾ to 11 per cent, the highest level for the key rate since November, 1974. Two other banks in Chicago followed suit, as did one in Philadelphia, and analysts said that they expect major banks to fall into line soon.

Wage/price Council Director Bosworth stated that the U.S. basic inflation rate has accelerated substantially from the 6 per cent assumed previously, and that the Administration's anti-inflation programme will produce "a pause in our economic expansion." He added that unless inflation is checked, monetary policy will continue to be tightened.

The anti-inflation programme hit a snag when the International Longshoremen's Unin said that it does not intend to comply with the wage price guidelines.

A Budget Bureau official said the Administration now fears that oil prices may rise 10 per cent later this year. Previously, Administration officials had looked for a boost somewhere in the 5 to 10 per cent range.

Topping off the day's depressing news background, the U.S. Commerce Department reported late in the session that retail sales fell 0.5 pr cent in October, following a rise of 0.6 per cent in September.

General Motors receded 2¾ to $54¼ in active trading despite a forecast of record 1978 profits. Last week, the company cut its year-end dividend, which some analysts said signalled concern about 1979 car sales. **Ford Motor**, also active, lost $1 to $39.

Boeing fell 3¾ to $59 and **UAL** 2¼ to $29¼, both in active trading. **IBM** declined 3¾ to $259¾, **Du Pont** 2¾ to $120¾, **Eastman Kodak** 1¾ to $57¼, **Polaroid** 3¼ to $43¾ ex-dividend and **Reynolds Metals** 1¾ to $29¾.

Playboy lost 2¾ to $11¾. It has obtained extension of an Atlantic City deadline to arrange financing for a hotel/casino there. **Ramada Inns** shed $1 to $6¾ and **Bally Manufacturing** 4¼ to $34¼, both in active trading.

Franklin Mint receded $1 to $5¼. The Board has disputed critical references to Franklin in a television programme on collecting.

Among the few bright spots, **Pacific Petroleums** jumped 8¾ to $47¼. Petro-Canada has purchased Phillips Petroleum's 48 per cent stake in Pacific for $573m. Medusa rose 5¼ to $43. Crane has agreed to pay $50 in cash and debentures instead of just debentures for each Medusa share.

THE AMERICAN SE Market Value Index weakened 2.16 to 141.23 on increased volume of 3.27m shares (2.25m).

Volume leader **Resorts International "A"** receded 7¼ to $27¾ and **Golden Nugget** $2 to $14¼.

Canada

Markets retained a firming tendency yesterday in fairly active trading, and were featured by sharply rising Oil issues which left the Oils and Gas index 44.1 higher at 1,598.5. The Toronto Composite Index was a modest 2.2 harder at 1,219.1, while Golds rose 9.6 to 1,369.3 and Papers 0.24 to 141.05, but Metals and Minerals shed 7.4 to 1,061.2 and Banks 0.96 to 287.16.

Total Petroleum added ¾ at C$16¼ and **Pancanadian Petroleum** gained 2¾ to C$37. Total reported oil finds from three wells in the Elmorth area of Alberta, where the two are involved in joint drilling ventures.

Tokyo

Share prices finished on a mixed note yesterday with rises and falls evenly matched, although the Nikkei-Dow Jones Average was 10.84 higher at a new record closing peak of 5,975.37. Trading was fairly active, with volume reaching 350m shares, compared with 280m traded in Saturday's half-day session and last Friday's 410m.

Cotton Mills strengthened, led by **Nisshin Spinning**, which gained Y23 to Y678, reflecting the textile market recovery, while Steels and Heavy Electricals hardened on institutional buying.

Nippon Steel, after reporting a 37 per cent rise in first-half profits, gained Y1 at Y115. **Kawasaki Steel** put on Y2 to Y112 and **Hitachi** Y3 to Y237.

Active support was seen for Real Estates, where **Heiwa Real Estate** featured with a rise of Y23 to Y733 on market rumours that the company is considering a capital increase.

Paper-Pulps, Printings and Petrochemicals were generally higher, but export-orientated issues mainly lacked support and **Matsushita Communication** receded Y40 to Y1,910 and **Matsushita Electric** Y6 to Y785.

Department Stores and Tool Machinery Manufacturers mostly lost ground.

Hong Kong

Last Friday's rally proved short-lived, stocks resuming their sharp slide across the board on heavy selling and taking the Hang Seng index down 37.93 to 537.16.

The fresh setback was largely self-fuelled, but with sentiment depressed by fears of another rise in interest rates and also by the withdrawal from land auction of a site in Kowloon after a Crown bid of HK$350m was not exceeded.

Blue Chips were particularly hard hit, with **Jardine Matheson** falling HK$1.20 to HK$13.00 and **Hong Kong Bank** 90 cents to HK$17.40.

Properties also posted steep losses, with **Hong Kong Land** losing 90 cents to HK$8.80, **Sun Hung Kai Properties** 85 cents to HK$6.75 and **Swire Properties** 42½ cents to HK$2.975.

Hong Kong Wharf were marked down HK$3 to HK$30, **China Light** HK$1.60 to HK$25 and **Hong Kong**

Germany

Stocks generally reverted to a downward course yesterday on lack of fresh buying interest, with the Commerzbank index, after last Friday's 10.6 advance, coming back 6.3 to 821.3.

Chemicals lost up to DM6, led by **Schering**, while Engineerings had **Babcock** and **Linde**, each down DM 4. Electricals and Motors recorded declines ranging to about DM 3, as in Daimler and Siemens. **Volkswagen**, after news that it would probably take a stake in Nixdorf Computer, were a modest DM 1 easier.

The Domestic Bond market was mixed, registering gains of up to 40 pfennigs and losses extending to 20 pfennigs. The Regulating Authorities sold paper worth a nominal DM 24.2m, after DM 11.5m sales last Friday. Mark Foreign Loans were steady.

Paris

Prices on the Paris Stock Exchange moved irregularly in a quiet session in the absence of any market-affecting news.

Banks, Chemicals, Metals and Stores moved lower, as did Foods, although Gervais were unchanged after announcing increased sales for the first nine months of the year.

Engineerings and Electricals were mixed, with **Thomson-Brandt** 3.0 lower at FFr 245.8 despite higher first nine-months sales.

Motors, Constructions, Rubbers and Oils were on the whole marginally higher at the close.

Among stocks gaining ground were **Bail Equipment, Chargeurs Reunis, Saupiquet, Peugeot-Citroen, Kleber, Talcs de Luzenac, Generale de Fonderie, Arjomari, Matra, Elf-Aquitaine, Generale des Eaux and Penarroya.**

Declining issues included **Pechelbronn, Sias, Grands Travaux Marseille, CEM, Creusot-Loire and Bellon.**

Australia

Markets were easier-inclined in generally slow trading.

However, selected Resources stocks gained ground, with **BHP** providing the main feature, advancing another 10 cents to A$8.20 in response to the company's announcement that it has discovered hydrocarbons in the Fortescue No. 2 well in the Bass Strait. **Beach Petroleum**, with leases adjacent to the BHP field, put on 4 cents to 58 cents.

Among Coal and Uranium issues, **Coal and Allied** hardened 4 cents to A$4.70, **Utah** 5 cents to A$3.85, **Pancontinental** 10 cents to A$11.10 and **Queensland Mines** 5 cents to A$3.20. The Ranger uranium prospect partners, however, finished weaker, with **EZ Industries** down 10 cents at A$3.00 and **Peko-Wallsend** similarly lower at A$5.60.

Ashton Mining rallied 2 cents to 84 cents, but its senior partner in the Ashton diamond venture, CRA, eased 3 cents to A$3.12.

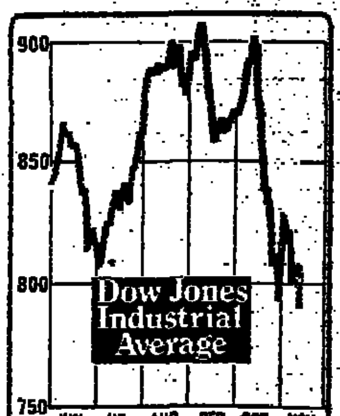
Bank of NSW rose 8 cents to A$6.80, but other Banks drifted lower.

Amsterdam

Market recorded narrow mixed movements.

In Dutch Internationals, Unilever, after rising Fl1 to Fl119 in Bourse hours, were quoted up to Fl120.30 afterwards on news of higher third-quarter results.

State Loans were little changed.



Indices

NEW YORK—DOW JONES

	Nov. 13	Nov. 10	Nov. 3
Industrials	792.01	807.09	805.97
H'me B'nds	88.12	89.24	88.54
Transport	207.64	215.62	210.80
Utilities	97.09	98.24	95.00
Trading vol. 000's	20,958	16,750	23,520

- Basis of Index changed from Aug. 24

BASE LENDING RATES

A.B.N. Bank 11½%	■ Hill Samuel §11½%
Allied Irish Banks Ltd. 11½%	C. Hoare & Co. †11½%
American Express Bk. 11½%	Julian S. Hodge 12½%
Amro Bank 11½%	Hongkong & Shanghai 11½%
A P Bank Ltd. 12½%	Industrial Bk. of Scot. 11½%
Henry Ansbacher 12½%	Keyser Ullmann 11½%
Associates Cap. Corp. 12½%	Knowsley & Co. Ltd. 12½%
Banco de Bilbao 11½%	Lloyds Bank 11½%
Bank of Credit & Cmce. 11½%	London Mercantile 11½%
Bank of Cyprus 11½%	Edward Manson & Co. 12½%
Bank of N.S.W. 11½%	Midland Bank 11½%
Banque Belge Ltd. 11½%	■ Samuel Montagu 11½%
Banque du Rhone 12 %	■ Morgan Grenfell 11½%
Barclays Bank 11½%	National Westminster 12½%
Barnett Christie Ltd. 12½%	Norwich General Trust 11½%
Bremar Holdings Ltd. 12½%	P. S. Refson & Co. 11½%
Brit. Bank of Mid. East 11½%	Rossminster 11½%
■ Brown Shipley 11½%	Royal Bk. Canada Trust 11½%
Canada Perm't Trust 12½%	Schlesinger Limited 11½%
Cayzer Ltd. 11½%	E. S. Schwab 13½%
Cedar Holdings 11½%	Security Trust Co. Ltd. 12½%
■ Charterhouse Japhet 11½%	Shenley Trust 11 %
Choulartons 11½%	Standard Chartered 11½%
C. E. Coates 12½%	Trade Dev. Bank 11½%
Consolidated Credits 12½%	Trustee Savings Bank 11½%
Co-operative Bank *11½%	Twentieth Century Bk. 12½%
Corinthian Securities 11½%	United Bank of Kuwait 11½%
Credit Lyonnais 11½%	Whiteaway Laidlaw 12 %
Duncan Lawrie 11½%	Williams & Glyn's 11½%
The Cyprus Popular Bk. 11½%	Yorkshire Bank 11½%
Eagil Trust 11½%	■ Members of the Accepting Houses Committee.
English Transcont. 11 %	* 7-day deposits 9%, 1-month deposits 9¼%.
First Nat. Fin. Corp. 12 %	† 7-day deposits on sums of £10,000 and under 9%, up to £25,000 9¼% and over £25,000 9½%.
First Nat. Secs. Ltd. 12 %	‡ Call deposits over £1,000 9%.
■ Antony Gibbs 11½%	§ Demand deposits 9%.
Greyhound Guaranty 11½%	
Grindlays Bank ‡11½%	
■ Guinness Mahon 11½%	
■ Hambros Bank 11½%	

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Last	Apr. Vol.	Last	July Vol.	Last	Stock
EK	$50	1	9½					$59
GM	$60			1	2½			$54¼
HO	F.40			19	3.70	10	5.20	F.37
HO	F.45			10	5			
IBM	$260	1	6⅛					$264
IBM	$300	2	2					
KLM	F.130	2	9					F.131.50
KLM	F.133.30	1	7.50					
KLM	F.140	2	4.10					
KLM	F.142.90	5	4					
KLM	F.150	10	2.50			1	9.90	
KLM	F.152.40	10	2.60					
KLM	F.161.90	2	1.60					
KLM	F.170	10	1	3	2.30			
KLM	F.171.40	10	1					
NN	F.108.90	4	7.80					F.112.30
NN	F.120			5	5.40			
PHI	F.25	1	1.90	2	2.90			F.25
PHI	F.27.50	475	0.70			4	2.30	
PHI	F.30	186	0.50	35	1.20	5	1.90	
RD	F.120	4	5.50	3	9			F.122.40
RD	F.130	12	2.20					
RD	F.140			5	1.90			
UNI	F.110	10	9.60	2	8.50			
UNI	F.120	12	3.50	10	5			
		Nov.		Feb.		May		
BA	$50	5	11⅛					$62⅛
BA	$60	5	2⅛	1	7	5	10	
BA	$70			1	3⅛			
SLB	$80	1	7⅛					$88⅛
SLB	$90	10						

TOTAL VOLUME IN CONTRACTS 1061

NEW YORK

Stock	Nov. 13	Nov. 10
Abbott Lab	31⅞	32¼
AM International	20⅞	21
Aetna Life & Cs	36⅝	36⅞
Air Products	25⅛	25⅞
Alcan Aluminium	32⅛	32¾
Alcoa	44½	45⅛
Alleg. Ludlum	15⅝	15½
Allegheny Power	16¾	16¾
Allied Chemical	31	31⅛
Corning Glass	52¼	53
CPC Int'n'tion'l	48¾	49½
Crane	24¾	25½
Crocker Nat	25⅝	25⅝
Crown Zellerbach	30¼	31
Cummins Engine	31¼	31½
Curtiss Wright	14½	14⅜
Dana	27⅞	28
Dart Industries	36¾	38
Johns Manville	25¼	26
Johnson Johnson	75	76¼
Johnson Control	23	24½
Joy Manufacturing	28	28⅝
K. Mart Corp.	23⅝	24¼
Kaiser Aluminium	35¼	35⅛
Kaiser Industries	2	2
Kaiser Steel	20¾	21¼
Kay	11¾	12
Kennecott	23¾	25
Kerr McGee	43¼	44½
Revlon	49⅞	51
Reynolds Metals	29¾	31⅝
Reynolds R. J.	56¼	56¾
Rich'son Merrell	22	22¼
Rockwell Inter.	33	33¼
Rohm & Haas	32⅞	33
Royal Dutch	59¾	60
RTE	10	10⅛
Russ Togs	10⅞	10⅜
Ryder System	21¼	21⅝
Safeway Stores	39½	39⅝
Woolworth	18½	18⅝
Wyly	3½	4
Xerox	52½	53⅝
Zapata	11½	12⅝
Zenith Radio	13⅝	14
U.S. Treas. 4% '80	93½	93½
U.S. Treas. 4¾% '85	79⅝	79⅝
U.S. 90-day bills	8.04	8.49%

FARMING AND RAW MATERIALS

Rubber pact conference opens

By Our Commodities Staff

[illegible] ARE high that an international natural rubber agreement will be concluded at the [illegible] conference that [illegible] in Geneva yesterday and [illegible] scheduled to continue until [illegible] ...

Indus chief forecasts blue whiting sales

By Our Commodities Staff

[illegible] WHITING could be commercially viable on the UK [illegible] within a couple of years, according to Mr. Mick Coburn, managing director of Findus UK ... [illegible]

Tin market hit by heavy speculative selling

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES tumbled on the London Metal Exchange yesterday as a result of heavy selling by speculators. Standard grade cash tin fell by £245 to £7,610 a tonne and the three months quotation was £170 lower at £7,505.

The bigger fall in the cash price reflected the rise in interest rates making it more expensive to hold stocks, and this was also believed to be a factor in encouraging speculative selling.

In fact the market opened on a firm note, following a rise in Penang over the weekend. But a smaller than expected fall in LME warehouse stocks of tin—down by 140 tonnes to 2,400 tonnes—triggered off speculative selling, which snowballed as prices moved lower.

Speculators became increasingly nervous especially when it became apparent that there was little trade buying support to hold the market up, as has happened frequently in the past. It was not until the three months price had fallen below £7,500 that some U.S. buying interest emerged and covering of previous sales helped to steady prices in late trading.

However the market remains highly nervous, and much will depend on the reaction in Penang overnight.

Copper stocks in LME warehouses rose for the first time since the beginning of August after 13 weeks of successive declines. Stocks were up by a modest 1,175 tonnes raising total holdings to 399,300 tonnes.

This compares with 482,975 tonnes in August and the all-time peak of 645,300 tonnes reached in January this year.

The decline in stocks was in line with market expectations and therefore had already been discounted. Nevertheless after opening higher the market drifted lower as buyers lost interest, but was steadied later by the New York copper market opening higher than expected.

Lead prices dropped, despite a fall on LME stocks of 3,000 tonnes reducing total holdings to £392.25 a tonne. As with the other metal markets, lead opened on a firmer note but then lost ground as heavy speculative selling came in

The fall in stocks was described as "disappointing" by some dealers who had been predicting a decline of 4,000 tonnes or more and this encouraged further selling.

On the late kerb prices were some £7 down on the closing levels, with the three months quotation to £385. U.S. producer, Bunker Hill, announced it was cutting its domestic lead price by 1 cent to 38 cents.

Zinc prices were also lower, although warehouse stocks were down by 2,600 to 74,900 tonnes. LME silver holdings rose by 120,000 ounces to 21,430,000 ounces.

● Reuter reported from Paris that the International Wrought Copper Council forecasts that the 1979 world refined copper supply deficit will be around 160,000 tonnes. This compares with an estimated 310,000 tonnes shortfall this year.

Refined copper output next year is put at 7.13m tonnes and refined consumption at 7.30m

Output this year is estimated at 6.83m tonnes and consumption at 7.14m. For the second half of 1978 the supply deficit is expected to narrow to 73,000 tonnes, but this will widen again to 195,000 tonnes in the first half of 1979 before reversing to a 28,000 tonnes surplus in the second six months of next year.

Soya back to normal soon

AMSTERDAM, Nov. 13.

THE UNILEVER group hopes its Europort and Erith, England, soyabean plants will both be back on full stream this week, a group spokesman said in Rotterdam.

A boiler breakdown at Europoort forced a *force majeure* declaration on November soya oil deliveries last week, while a breakdown in the Erith extraction plant led to *force majeure* on soya oil and meal deliveries.

Both plants are being repaired and Unilever does not foresee major problems in the total supply situation in Europe, due to the short time during which production will be interrupted, the spokesman said.

Spokesman for Cargill Soja Industrie BV and Central Soya Utrecht said their soyabean crushing plants have no production problems at present.

ADM-De Ploeg's plant in Maassluis is at a standstill, but the company hopes to solve the problems and start work again within a few days.

Crushing sources said the breakdowns are coincidental and stem from the peak crushing period which runs from now until February.

There would also have been some extra pressure put on these facilities to help to make up for shortages resulting from industrial action at UK plants.

Unilever's Europoort plant is believed to be working at around half its total capacity of 3,500 tonnes of beans a day, while the ADM plant would normally use around 500 tonnes daily, the sources said.

Cargill's plant consumes about 3,000 tonnes daily and Central Soya around 600 tonnes, they added.

Meanwhile, Oil World, the Hamburg-based weekly publication, said it expects world production of the ten major oilseeds to increase by 6 per cent to 154.51m tonnes in the 1978-79 season, which began on October 1.

This compares with an increase last season of 16 per cent and an average annual rate of 2.3 per cent during the four seasons ended 1976-77.

Oil World said soyabeans will again account for the larger part of the increase if the Brazilian crop is 13.5m tonnes as expected. Total world soyabean output is put at 83.4m tonnes against 77.5m in 1977-78.

World production of the other nine oilseeds should increase by 4 per cent to 71.14m tonnes, Oil World said.

Adding the carryover stocks from last year, total world supply of oilseeds for 1978-79 will reach a record of almost 166m tonnes, an increase of more than 10m tonnes from last season and more than double the annual increase of 4.5m tonnes during the four seasons ended 1976-77.

U.S. COFFEE ROASTINGS UP

NEW YORK, Nov. 13.

The amount of green coffee roasted in the U.S. including coffee for soluble production, totalled an estimated 13.10m bags between January 1 and November 4, compared with 11.61m bags for the same period last year, reports analyst Gordon Paton.

Roastings in the week ended November 4 were 45.3 per cent higher than in the comparable week last year.

Reuter

Formula for New York sugar price

By Our Commodities Staff

THE NEW YORK spot sugar price could be quoted again early next year.

Publication of the price was suspended a year ago when the U.S. Justice Department alleged that it violated anti-trust laws. But the New York Coffee and Sugar exchange, which calculates the prices, and the Justice Department have now agreed on a formula for its future calculation.

The agreement provides that the exchange "will establish rosters of individuals knowledgeable in raw sugar trading who will be randomly contacted on a daily basis to obtain their expert opinion." Previously the price resulted from consultations with a small group of people.

The court in which the Department filed its antitrust suit will have to give its approval before the new system can come into operation and details will have to be published in the Federal Register.

A 60-day period for possible objections to be raised is also required so the system cannot come into effect before mid-January.

The New York Cocoa Exchange suspended its own spot quotation voluntarily when the sugar price suit was filed, because it operated a similar system. It is expected that it will resume publication of this price under a procedure similar to that agreed for sugar at about the same time.

The International Sugar Organisation will consider changing the calculation of its daily sugar price at its meeting on December 13 and 14. Under the International Sugar Agreement the organisation should use both New York and London quotations in reaching its daily price. Only the London price has been used for the past year.

Jute flood losses estimated

NEW DELHI, Nov. 13.

FLOOD DAMAGE to the jute crop in Bengal will range from 100,000 to 250,000 bales, a former chairman of the Indian Jute Mills Association (IJMA), Mr. Gouri Lal Mehta, told the Economic Times newspaper in Calcutta.

Mr. Mehta said he hoped the Government would soon import 400,000 bales of quality fibre to ensure jute exports were not affected.

Reuter

NORTHERN IRELAND AGRICULTURE

EEC threat to Pig Marketing Board

BY A. H. HERMANN

IN THE view of the EEC Commission all obligations imposed on pig producers to sell only to a national marketing board or through its agency have been abolished by the EEC Treaty and EEC regulation 2759/75.

The Commission has asked the European Court to declare that all legislation enforcing such obligations is inapplicable.

In its observations submitted to the European Court in a dispute between the Northern Ireland Pig Marketing Board and Mr. Raymond Redmond, a pig producer (case no 83/78), the Commission argues that the Pig Marketing Scheme, together with the Movement of Pigs Regulations, denies to producers independent access to any internal or external outlets. Producers could not even sell to an intervention agency should the Community authorities decide to buy in order to support prices.

Market prices in the Community are rendered meaningless for the producer whose prices are determined by the Board on the basis of its estimates of its annual net income from sale of pigs.

The EEC has already established a common policy for pigmeat within the Community, and the Commission relies on a previous ruling by the European Court that "once the Community has legislated for the establishment of the common organisation of the market in a given sector, member states are under obligation to refrain from taking any measure which might undermine it or create exceptions to it."

Moreover, the Commission argues that the Ulster scheme is illegal and void because it has the same effect as a quantitative restriction on exports, prohibited between member states by Article 34 of the EEC Treaty.

The case now before the European Court has its origin in events which were not considered of international importance when they took place on January 12, 1977 in County Armagh. A police officer stopped a lorry with 75 bacon pigs and the lorry driver was unable to produce a transport authorisation required by the Movement of Pigs Regulations (Northern Ireland) 1972.

Seized

The lorry and the pigs were seized and proceedings were commenced before the resident magistrate. The offence is punishable by a term of imprisonment not exceeding three months and/or a fine of up to £200; the pigs may be forfeit.

The Northern Ireland Pig Marketing Board pointed out in its submission to the European Court that the Community itself was almost certainly the potential victim of a fraudulent operation and asked whether rights under Community law can arise in favour of those who use such rights to defraud or attempt to defraud the Community—in the view of the Board such rights may only be invoked by those who "come with clean hands."

The UK Government took, however, a less negative attitude. It stated in its observations that adjustments would have to be made in the rules of some marketing Boards in order to bring them into line with the requirements of Community law.

Discussions with the Commission have taken place with regard to the Pigs Marketing Board, and there is little doubt that the rules regarding the movement of pigs is one of the matters which may have to be adjusted. But it raised the possibility that the Pig Marketing Board may be viewed not as a national marketing scheme but as a state monopoly, in which case the UK would not have been required to bring the restriction to an end before December 31, 1977.

The British Government is of the view that the questions put to the European Court by the magistrate raise issues of very great complexity and importance to the UK and the Community as a whole. The court should therefore confine itself to the interpretation of EEC law in relation to the Movement of Pigs Regulation.

In other words, the Government is hoping that the court could declare the Movement of Pigs Regulation illegal without giving any ruling on the validity of the pig marketing scheme.

Maize price rise predicted

WASHINGTON, Nov. 13.

The U.S. Agriculture Department expects maize prices to average $2.14 a bushel in the 1979-80 crop year ending September 30, 1980, up from $2.03 in the 1978-79 year, according to Howard Hjort, economics director of the U.S. Agriculture Department.

Mr. Hjort and Stuart Eizenstat, the White House Domestic Affairs Adviser, told separate Press briefings that the increase would be 1 per cent this crop year and 4.5 per cent in 1979-80, resulting in a two-year average rise of about 2.5 per cent.

"Given large supplies and the potential increase in U.S. and world stocks, the expected price of feedgrains over the next 12 months will not be appreciably different from the last 12 months," Mr. Hjort said.

The 1979 feedgrain programme is designed to lead to modest increases in prices, he added.

"Livestock prices are sufficiently high so that the increased feedgrain costs will not have any effect on the plans of producers to expand livestock production."

He said about 50 per cent of the total 1979 maize acreage would be included under the set-aside and diversion programmes, compared with 42 per cent this year.

Mr. Hjort said the U.S. grain reserve programme offers adequate insurance against possible adverse weather.

The inability to export grain from the U.S. and to handle it in foreign countries presents a greater problem for world food security than inadequate supplies or production.

He forecast that world coarse grain stocks will be 100 to 110m tonnes by the time the 1979 crops are ready for harvest next autumn, up from 82m this year. About 70 per cent of the world stock build-up in coarse grains over the past two years has taken place in the U.S.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

[illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

SOYABEAN MEAL

[illegible]

COTTON

[illegible]

TEA

[illegible]

JUTE

[illegible]

GRAINS

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

SUGAR

[illegible]

RUBBER

[illegible]

PRICE CHANGES

Price in tonnes unless otherwise stated

[illegible]

INDICES

FINANCIAL TIMES

Nov. 13	Nov. 10	Month ago	Year ago
260.98	262.48	264.00	238.34

(Base: July 1, 1952=100)

REUTERS

Nov. 13	Nov. 10	Month ago	Year ago
1518.1	1518.7	1516.5	1463.7

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Nov. 13	Nov. 10	Month ago	Year ago
Spot	393.03	394.51	383.16	364.54
Futures	388.79	389.85	382.80	322.37

(Average 1924-25-26=100)

MOODY'S

Moody's	Nov. 13	Nov. 10	Month ago	Year ago
Spie Commodity	977.3	979.6	974.5	919.6

(December 31, 1931=100)

U.S. Markets

Gold rises; copper and cocoa rally

NEW YORK, Nov. 13.

[illegible]

ALUMINIUM STOCKS LOWER

Primary aluminium stocks held by members of the International Primary Aluminium Institute (IPAI) totalled 2,211,000 tonnes at the end of September compared with 2,294,000 tonnes at the end of August and 2,354,000 tonnes at the end of September 1977.

EDUCATIONAL

COMPANY NOTICES

[illegible]

ART GALLERIES

[illegible]

STOCK EXCHANGE REPORT

Gilts more orderly after last week's tap exhaustion

Equities also edge forward awaiting today's trade figures

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct. 30	Nov. 9	Nov. 10	Nov. 21
Nov. 13	Nov. 23	Nov. 24	Dec. 5
Nov. 27	Dec. 7	Dec. 8	Dec. 19

*"New time" dealings may take place from 9.30 a.m. two business days earlier.

A more orderly market in Gilt-edged securities and underlying firmness in equities was the theme in stock markets yesterday, the first day of a trading Account which is again likely to be dominated by the pay situation although some important economic and political pointers are scheduled for this week.

These include the Prime Minister's Mansion House speech followed today by the October trade returns, the money supply statistics on Thursday and the retail prices indices on Friday.

The Chancellor's warning that increased taxation and public spending cutbacks could follow excessive wage rises were noted with satisfaction in both major sectors, but failed to promote any improved trade in the industrial sections. Leading industrials opened around Friday's closing levels and edged slowly forward on a small investment demand coupled with some bear-covering.

Several constituents of the FT 30-share index were quoted in ex-dividend form and this represented the bulk of the 10 a.m. fall of 2.8, which was eventually transformed into a net gain of 1.3 at 474.5.

Press views on the Iranian oil strike and of its effect on crude oil prices, aroused considerable interest in Oils. Trade was brisk and the leaders posted good gains although late news of the suspension of the Arab-Israeli peace talks fostered caution and a subsequent reaction from the day's best.

Slightly unfavourable comment on the prospects for British Funds, particularly the shorts, made little impression on market sentiment. Indeed, the shorts improved marginally in the wake of the longer maturities which, after the antics of the last two trading sessions, became a more stable market.

A limited flow of investment funds enabled quotations to improve ¼ generally and more in selected instances where stock was in short supply. Through switching and a small straight demand, the Government broker sold supplies of the short-medium tap Exchequer 10 per cent 1983 at 88¼, after having withdrawn at 88 on Friday.

Following a subdued business in the investment currency market, the premium closed ¾ easier at 82½ per cent, after extremes of 83½ and 82 per cent. Yesterday's SE conversion factor was 0.7223 (0.7271).

The volume of business in Traded Options left much to be desired although the closing total of 604 was higher than last week's daily average of 426. Following Press comment, BP attracted interest and 148 deals were completed, while 102 were done in Boots ahead of Thursday's interim results.

CU please

Commercial Union gained 6 to 142p in response to the better-than-expected third-quarter profits and helped to induce a much firmer trend in other Composites. Hopes that **General Accident** will also announce good figures when they report tomorrow helped them finish 10 to the good at 198p xd, while **Royals**, with third-quarter results due on Thursday, ended 8½ dearer at 348p xd.

NatWest closed 4 better at 272p following the prompt decision to *raise its base lending rate a point* to 12½ per cent. The other major clearers, which are expected to follow suit today, all moved 6 higher in sympathy. Elsewhere, domestic market influences prompted a fresh reaction of 15 to 254p in **Hong Kong and Shanghai**.

Stimulated by comment on several brokers' circulars on the sector, Brewery shares enjoyed a reasonably lively day's trading. **Bass encountered support** at 158p, up 2, while **Whitbread "A"** and **Guinness**, both improved a similar amount to 100p xd and 151p, respectively.

Selected Building descriptions improved on sporadic demand. **Tarmac** firmed 5 to 145p aided by contract news. **Alfred Walker** jumped 7½ to 23½p in response to an investment recommendation, while **Norwest Holst** added a couple of pence to 87p following the interim results. **Brown and Jackson**, however, slipped 6 more to 214p on lack of support. Ahead of today's trading statements, **J.C.E.G.** gave up 2 to 19p and **H.A.T.** hardened a penny to 27½p.

ICI improved from an opening level of 360p to close 6 up on balance at 367p and **Fisons** firmed 4 to 316p xd.

Cope Sportswear up

Secondary issues provided most of the interest in Stores. **Cope Sportswear** became prominent with a rise of 6 to 54p in response to the higher interim profits, while favourable comment helped bring about a rise of 4 to 65p in **Ratners**. Further speculative interest in a thin market helped **Jas. Walker** improve 2 to 108p and left the A N-V 5 higher at 99p, while rises of 3 or so were seen in **Peters**, 42p, and **Steinberg**, 22p. Adverse comment on the proposed merger prompted reactions in **Associated Dairies** and **Allied Retailers**: the former cheapened 6 to 170p and the latter 2 to 134p. Do-it-yourself concern **Home Charm** fell 8 to 206p and **A. G. Stanley** reacted 3 to 148p, after 144p. A small business was transacted in the leaders which closed firm.

Helped by favourable Press mention, **GEC** pushed ahead to close 7 dearer at 317p. Occasional support left **Telephone Rentals** 4 to the good at 132p.

The Engineering leaders made a little progress. Aided by news of the £50m warship contract and favourable weekend Press mention, **Vickers** edged up 2 to 191p xd. **Hawker Siddeley** firmed 4 to 228p xd and **GKN** closed a few pence dearer at 264p xd. Elsewhere, **Lake and Elliot** responded to the encouraging annual statement and assets revaluation with a rise of 4 to 54½p xd, while **Wolseley-Hughes**, up 4 more at 207p, continued to benefit from the good annual results. Favourable weekend Press mention left **Babcock and Wilcox** 3 higher at 150p and **Edgar Allen Balfour** 2 to the good at 58p. **Richardsons Westgarth** rallied 4 to 45 xd, while **Jenks and Cattell** picked up 2 to 67p after last week's reaction on the sharp fall in annual profits. **Davy Corporation** opened 7 higher at 148p following late demand last Friday and held at that level.

News items were responsible for notable movements in quietly firm Foods. Favourable Press comment lifted **F.M.C.** 4 to 73p and **Kwik Save Discount** 3 to 85p. **Fitch Lovell** added a penny to 63p for a similar reson.

Unilever improve

Miscellaneous Industrial leaders started the new Account on a quietly firm note. The third-quarter figures reported by Unilever were deemed satisfactory and the close was 8 better at 540p. Ahead of tomorrow's interim results, **Beecham** eased to 630p but rallied late to close unaltered at 635p. Elsewhere, news of last Friday's late 10p per share bid from a private individual prompted a swift upward adjustment in **Kean and Scott** which closed 9 to the good at 23p on hopes of a higher offer. Press comment attracted buyers to **Lawtex** which finished 11½ higher at 68pxd, while **Avon Rubber** gained 4 to 164p for a similar reason. **E. J. Riley** rose 4 to 37p on the results and in front of their first-half figures today. **Smiths Industries** added 4 to 196p. Details of the Forteseue 2 oil well report helped **Broken Hill Proprietary** advance 15 to 665p. **Diamond Stylus** put on 2 to 18p following an investment recommendation and **Randalls** edged forward a penny to 109p on the announcement that Ferguson Industrial, 4 up at 125p, had increased its shareholding in the group to nearly 26 per cent. Dealings in both **Talbex**, 15p, and **Hoskins and Horton**, 168p, were suspended at 9.30 a.m. pending a further announcement. Talbex hold a near 30 per cent stake in H & H and the two have held merger discussions before. Domestic market influences brought about reactions of 11 and 18 in **Swire Pacific**, 111p, and **Jardine Matheson**, 189p.

In the Leisure sector **Associated and Coral** firmed 2 to 67½p and 111p respectively. **Management Agency and Music** improved a like amount to 90p while, in Televisions, **Ulster A** added 2½ to 73p xd in response to an investment recommendation.

Dowty featured Motors, rising 7 to 258p after Press comment concerning the chairman's assurance of profits from Chinese mining equipment orders. Trading overall was quiet in a thin market. Small buying helped **Jonas Woodhead** put on 3 to 83p. **Lucas** eased to 280p on further reflection of last week's final results, but recovered to close unchanged on balance at 293p xd.

Following a Press mention, **Saatchi and Saatchi**, at 103p, regained 8 of Friday's fall of 10.

Properties were marked higher following week-end Press comment. Awaiting today's interim results, **Land Securities** firmed 4 to 224p. **MEPC** improved 3 to 134p, while **Stock Conversion** and **Berkeley Hambro** added 4 to 260p and 131p respectively and **Bernard Sunley** advanced 6 to 248p. **Peachey Property**, 78½p, regained nearly all of Friday's fall of 2½ which stemmed from reports of the company's failure to sell the Park West complex; the annual results are due tomorrow. A good market of late following the annual results, **Bellway** were buoyed further by bid suggestions and firmed 11 to 74½p while, ahead of today's interim results, **Control Securities** put on 2 to 33p.

A dull Far-Eastern market prompted London selling of **Hong Kong Land** which fell 16 to 126½p.

Stimulated by Press comment on the profits outlook for the industry in the light of the recent upward movement in crude oil prices since the Iranian strike, Oil shares moved ahead on a broad front. Trading in the leaders was reasonably brisk and, with stock in short supply, prices were quick to respond to buying interest. **British Petroleum** advanced to 914p before easing back late to finish 24 higher on balance at 908p, while **Shell** followed a similar pattern, closing 13 higher at 577p, after 580p. A report that Egypt is to suspend peace talks with Israel and recall its delegation from Washington prompted some late profit-taking. Among the more speculative issues, **Oil Exploration** pushed ahead to close 10 dearer at 220p, while gains of around 8 were marked against **Lasmo**, 136p, and **Tricentrol**, 170p xd.

Rothschild Investment rose 4 to 191p on the assets revaluation. Elsewhere in Trusts movements were limited to a few pence either way.

A slightly better trend in Shippings was reflected in a rise of 2 to 81p xd in *P. and O. Deferred*. **Stag Line** gained 10 to 100p ahead of the results due shortly.

Following suspension of dealings at the opening, dealings were resumed in **Dawson International** and **John Haggas** after the agreed merger terms were announced; Dawson, ex the 1-for-1 scrip issue, closed 3 off at 87p, with the A at 86p. **Haggas** touched a new peak of 190p before closing a net 4 up at 183p. **David Dixon** rose 4 to 110p, the interim results are due on Wednesday. **Sunbeam Wolsely** rallied 4 to 41p following an investment recommendation, while further consideration of Thursday's excellent interim statement left **Ash Spinning** 4½ better at 60p.

Golds edge forward

After trading quietly for most of the day South African Golds began to gather strength in the after-hours trade in line with the improvement in the bullion price, which closed $2.50 better at $210.125 per ounce.

The Gold Mines index, including the investment currency premium, put on 1.8 to 155.1, while the ex-premium index rose 0.6 to 99.7.

Most of the late interest in the share market came from American sources and reflected a downturn on Wall Street.

Heavyweights Golds registered gains of up to ½ as in Randfontein, £29½ and Hartebeest, £12, while Vaal Reefs hardened ½ to £12. Among the medium priced issues Kloof advanced 22 to 493p while in the cheaper-priced stocks Stilfontein put on 6 to 282p in response to favourable Press mention.

South African Financials mirrored Golds. "Amgold" rose ⅜ to £13⅞. De Beers 6 to 336p, after being unchanged for most of the day, and Anglo American Corporation 4 to 302p.

Platinums edged up a penny or so with the exception of Impala which fell 4 to 170p in front of the chairman's statement.

Activity in Australians was minimal reflecting the continuing poor performance in overnight Sydney and Melbourne markets.

Base-metal producers drifted easier with falls of 2 common to **BH South and Mount Lyell** at 112p and 28p respectively.

Tins were lower across the board reflecting the sharp falls in Hong Kong and Singapore markets, coupled with continuing concern over possible state participation. Ayer Hitam, 310p, and Tronoh, 210p were both 10 off, while falls of 5 were common to Berjuntai, 210p, Southern Kinta, 200p and Sungei Besi, 200p.

In diamond exploration issues **Ashton Mining** hardened 2 to 60p. **Conzine Riotinto** 4 to 254p and **Northern Mining** a penny to 56p.

FINANCIAL TIMES STOCK INDICES

	Nov. 13	Nov. 10	Nov. 9	Nov. 8	Nov. 7	Nov. 6	A year ago
Government Secs.	67.98	67.92	68.06	68.63	68.38	68.55	77.60
Fixed Interest	69.80	69.56	69.80	70.05	70.01	70.02	79.04
Industrial	474.5	473.2	471.7	474.4	469.5	470.4	496.7
Gold Mines	158.1	156.3	155.7	159.1	155.9	155.1	140.2
Gold Mines (Ex-$ pm)	99.7	99.1	99.5	103.5	100.8	99.7	99.4
Ord. Div. Yield	5.71	5.75	5.76	5.74	5.76	5.71	5.42
Earnings Y'ld % (full)	15.97	16.07	16.12	16.05	16.20	15.77	16.28
P/E Ratio (net)	8.13	8.07	8.05	8.08	8.01	8.27	8.73
Dealings marked	4.575	4.396	4.107	4.094	4.434	5.938	5,431
Equity turnover £m	—	76.43	57.85	67.19	67.16	51.92	68.56
Equity bargains total	—	14,819	12,940	12,696	12,664	13,966	14,270

10 am 474.4. 11 am 473.5. Noon 473.2. 1 pm 471.4. 2 pm 473.3. 3 pm 474.5.

Latest Index 01-236 8026.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	69.50 (13/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (3/1)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	153.3 (14/8)	90.3 (2/4)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	Nov. 13	Nov. 10
—Daily		
Gilt Edged	211.0	187.5
Industrials	141.6	142.0
Speculative	34.8	35.5
Totals	104.1	100.1
5-day Average		
Gilt Edged	178.4	164.9
Industrials	140.6	138.7
Speculative	33.6	35.3
Totals	98.3	95.5

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov. 7	Nov. 20	Feb. 8	Feb. 20
Nov. 21	Dec. 4	Feb. 22	Mar. 6
Dec. 5	Dec. 18	Mar. 8	Mar. 20

For rate indications see end of Share Information Service

Money was given for the call of English Property, Town and City, Burton Warrants, Bath and Portland, Cooper Industries, Burmah Oil, Carron, Associated Leisure, Capital and Counties Property, Mount Charlotte, Pacific Copper, Hampson Industries, Ratners and Allied Breweries. A put was arranged in Barker and Dobson, while double options were completed in Burton Warrants, Grand Metropolitan, Adda International Hotels, Hongkong and Shanghai Banking and Duple.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Shell Transport	25p	14	577	+13	602	484
BP	£1	12	908	+24	926	720
ICI	£1	8	367	+ 6	421	328
Barclays Bank	£1	7	348	+ 6	368	296
Marks & Spencer	25p	7	83	+ 1	94	67½
Tarmac	50p	7	145	+ 5	174	124
Allied Breweries	25p	6	83	+ 1	94	78
Beecham	25p	6	635	—	743	583
Dunlop	50p	6	66xd	— ½	90	66
GEC	25p	6	315	+ 7	340	233
Metal Box	£1	6	314	+ 4	384	288
NatWest	£1	6	272	+ 4	298	230
P. & O. Defd.	£1	6	81xd	+ 2	118	70
RTZ	25p	6	236	+ 5	263	164
Royal Insurance	25p	6	348xd	+ 8½	425	336

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	750	175	1	—	—	—	—	913p
BP	800	128	9	149	—	—	—	
BP	850	86	5	106	—	130	—	
BP	900	42	24	75	—	94	—	
BP	950	16	62	38	49	64	—	
Com Union	130	17	—	21	2	25	—	142p
Com Union	140	9	59	14	—	17	—	
Com Union	160	1	—	2½	3	—	—	
Cons Gold	180	6	5	14	—	20	—	172p
Courtaulds	120	4	—	8½	25	10	25	114p
GEC	280	42	19	50	10	—	—	315p
GEC	300	26	10	35	—	46	—	
GEC	330	9	15	19	—	30	—	
GEC	360	5	16	9	—	—	—	
Grand Met.	100	11	5	14½	—	17	—	105p
Grand Met.	110	4	—	8½	8	12	—	
Grand Met.	120	1	—	5	5	7	—	
Land Secs.	200	27	9	33	—	36	—	225p
Land Secs.	240	4	1	10½	—	16	—	
Marks & Sp.	80	—	—	11	7	14	—	83p
Marks & Sp.	90	5	1	6½	—	8½	—	
Shell	550	42	46	58	—	68	—	580p
Shell	600	14	3	34	6	42	—	
Totals			375		115		25	

Option	Ex'rcise price	November Closing offer	November Vol.	February Closing offer	February Vol.	May Closing offer	May Vol.	Equity close
[illegible]	70	1	—	4	31	7	25	69p
Boots	180	15	35	21	3	30	—	193p
Boots	200	3	20	10	—	19	—	
Boots	240	—	—	2	—	4½	32	
Boots	260	—	—	½	—	2	—	
EMI	140	12	—	19	3	25	1	150p
Imperial Gp.	80	2	—	5	30	6	—	81p
Totals			55		79		57	

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (7)

STORES (2) · FOODS (1) · INDUSTRIALS (1) · NEWSPAPERS (1) · PROPERTY (1) · TEXTILES (1)

NEW LOWS (35)

BRITISH FUNDS (2) · CORPORATION LOANS (2) · COMMONWEALTH & AFRICAN LNS. (2) · LOANS (2) · BANKS (1) · BEERS (1) · BUILDINGS (1) · ELECTRICALS (1) · ENGINEERING (2) · INDUSTRIALS (8) · PAPER (1) · PROPERTY (1) · SHOES (1) · TOBACCOS (2) · TRUSTS (1) · MINES (2)

[illegible]

YESTERDAY RISES AND FALLS

	Up	Down	Same
British Funds	50	2	24
Corpns. Dom. and Foreign Bonds	6	15	39
Industrials	378	273	839
Financial and Prop.	128	81	305
Oils	18	1	18
Plantations	4		25
Mines	37	25	55
Recent Issues	5	3	18
Totals	646	411	1,364

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Nov. 13, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri. Nov. 10 Index No.	Thurs. Nov. 9 Index No.	Wed. Nov. 8 Index No.	Tues. Nov. 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	227.96	+0.6	17.14	5.54	8.01	226.59	226.15	226.90	226.72	208.73
2	Building Materials (27)	193.67	+0.2	18.26	5.85	7.54	193.27	194.13	193.22	193.84	195.87
3	Contracting, Construction (28)	360.20	—	20.59	4.49	6.97	360.11	359.67	362.65	362.19	344.04
4	Electricals (14)	532.95	+1.7	13.61	3.48	10.15	523.83	521.92	523.19	521.05	442.37
5	Engineering Contractors (14)	361.21	+1.7	17.84	6.15	7.60	355.34	353.24	355.17	357.04	286.22
6	Mechanical Engineering (72)	177.88	+0.3	18.79	6.24	7.13	177.27	177.02	178.35	178.06	163.46
8	Metals and Metal Forming (16)	161.74	−0.9	16.81	8.84	8.27	163.20	162.03	162.48	162.44	159.59
	CONSUMER GOODS										
11	(DURABLE) (53)	198.87	−0.1	17.69	5.38	7.59	199.05	198.58	198.36	198.11	201.86
12	Lt. Electronics, Radio, TV (16)	245.76	+0.4	14.79	4.17	9.48	244.76	243.89	243.06	244.00	246.15
13	Household Goods (12)	169.45	—	17.97	6.71	7.66	169.49	170.10	170.11	170.04	184.47
14	Motors and Distributors (25)	117.86	−1.0	22.57	7.14	5.64	119.00	118.79	119.08	117.89	120.33
	CONSUMER GOODS										
21	(NON-DURABLE) (172)	203.13	+0.5	16.40	6.13	8.21	202.04	201.09	202.33	200.93	204.60
22	Breweries (14)	223.36	+1.0	15.19	6.38	9.16	221.18	220.95	221.72	219.57	232.98
23	Wines and Spirits (6)	274.70	+1.8	15.50	5.24	9.63	269.75	268.50	269.65	265.91	233.17
24	Entertainment, Catering (17)	253.74	+0.8	14.40	6.93	10.13	251.65	250.49	252.77	250.28	260.18
25	Food Manufacturing (19)	200.70	+0.7	19.35	5.46	6.84	199.22	196.84	196.74	196.35	203.69
26	Food Retailing (15)	220.37	+0.3	13.92	4.71	10.01	219.78	217.52	217.69	216.31	223.25
32	Newspapers, Publishing (12)	369.08	−0.2	21.41	6.56	6.60	369.93	371.63	373.16	371.82	337.90
33	Packaging and Paper (15)	130.91	+0.1	19.68	7.61	6.70	130.77	131.48	131.87	131.86	131.09
34	Stores (40)	191.18	+0.3	11.92	4.92	12.08	190.54	189.70	191.85	190.28	198.21
35	Textiles (25)	173.33	−0.2	18.84	8.91	6.89	173.72	172.37	173.46	171.98	168.20
36	Tobaccos (3)	221.21	+0.4	24.89	8.48	4.76	220.23	220.31	222.21	220.82	221.11
37	Toys and Games (6)	94.25	+0.1	24.05	6.86	4.86	94.19	94.19	94.94	95.68	109.40
41	OTHER GROUPS (99)	193.48	+0.4	16.20	6.29	7.94	192.79	192.44	193.06	192.27	193.80
42	Chemicals (19)	277.10	+1.2	16.52	6.83	7.87	273.82	274.05	273.66	270.22	263.02
43	Pharmaceutical Products (7)	245.49	+0.1	11.51	4.22	10.57	245.34	244.94	245.86	245.33	0.00
44	Office Equipment (6)	125.51	+0.2	19.36	6.07	6.16	125.23	124.75	125.24	126.64	126.43
45	Shipping (10)	400.42	−0.6	15.52	7.55	8.23	402.88	402.26	406.86	406.58	456.69
46	Miscellaneous (57)	206.36	−0.1	18.30	6.82	7.26	206.60	205.69	206.92	206.87	203.73
49	INDUSTRIAL GROUP (495)	213.24	+0.5	16.64	5.97	8.04	212.26	211.59	212.48	211.58	209.67
51	Oils (5)	512.41	+2.7	13.64	3.92	7.96	498.86	492.25	491.71	493.25	513.12
59	500 SHARE INDEX	237.94	+0.8	16.16	5.64	8.03	236.02	234.91	235.70	234.97	234.59
61	FINANCIAL GROUP (100)	160.46	+1.1	—	6.08	—	158.75	158.63	159.32	159.58	167.78
62	Banks (6)	188.57	+1.7	24.76	6.22	6.06	185.48	186.99	187.77	188.50	193.44
63	Discount Houses (10)	199.87	−0.1	—	8.80	—	199.97	198.53	198.51	198.90	213.16
64	Hire Purchase (5)	138.26	—	17.62	5.96	7.49	138.26	140.17	140.26	140.72	177.89
65	Insurance (Life) (10)	128.48	+0.9	—	7.31	—	127.34	126.08	126.48	126.54	139.70
66	Insurance (Composite) (7)	118.69	+1.3	—	7.39	—	117.13	115.15	115.18	115.73	132.78
67	Insurance Brokers (10)	314.24	+0.5	15.10	5.27	9.47	312.70	310.69	310.24	310.09	319.58
68	Merchant Banks (14)	76.12	−0.6	—	6.43	—	76.55	76.55	76.72	76.73	86.85
69	Property (31)	245.05	+1.1	3.55	3.07	48.01	242.46	245.68	249.04	247.68	227.08
70	Miscellaneous (7)	104.74	−0.3	24.15	8.03	5.36	105.04	104.86	105.51	106.26	106.41
71	Investment Trusts (50)	200.49	−0.1	—	5.27	—	200.76	199.96	199.82	200.14	198.07
81	Mining Finance (4)	102.71	+1.7	18.30	6.93	6.73	100.94	100.47	101.95	101.73	89.30
91	Overseas Traders (19)	309.05	−0.4	16.04	7.48	7.82	310.29	307.78	309.96	310.16	279.78
99	ALL-SHARE INDEX (673)	217.26	+0.8	—	5.77	—	215.53	214.65	215.43	215.00	215.43

FIXED INTEREST PRICE INDICES

	British Government	Mon., Nov. 13	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	102.44	+0.07	—	8.19
2	5-15 years	111.49	+0.11	—	8.37
3	Over 15 years	115.77	+0.34	—	12.59
4	Irredeemables	119.85	—	—	13.32
5	All stocks	109.27	+0.20	—	9.94

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Mon. Nov. 13	Fri. Nov. 10	Year ago (approx.)
1	Low Coupons	5 years	9.64	9.64	6.45
2		15 years	11.50	11.52	9.37
3		25 years	12.25	12.28	10.07
4	Medium Coupons	5 years	12.72	12.73	9.01
5		15 years	12.74	12.75	10.16
6		25 years	12.74	12.75	10.41
7	High Coupons	5 years	12.84	12.84	9.29
8		15 years	13.27	13.28	11.07
9		25 years	13.32	13.33	11.22
10	Irredeemables		12.16	12.15	10.02

		Mon., Nov. 13 Index	Yield %	Friday Nov. 10	Thurs. Nov. 9	Wed. Nov. 8	Tues. Nov. 7	Monday Nov. 6	Friday Nov. 3	Thurs. Nov. 2	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	58.07	13.47	55.15	55.25	56.06	56.12	56.15	56.15	56.15	62.44
16	Investment Trust Prefs. (15)	51.45	13.54	51.45	51.53	51.88	51.88	51.88	51.70	51.68	57.63
17	Coml. and Indl. Prefs. (20)	71.60	13.08	71.78	71.78	71.79	71.86	71.90	72.00	71.80	78.23

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

مكتبة الأصل

Minster Fund Managers Ltd.

Minster Hse., Arthur St., EC4.

MLA Unit Trust Mgemnt. Ltd.

Old Queen Street, SW1H 9JG.

Murray Johnstone U.T. Mgmt.♥ (a)

163 Hope Street, Glasgow, G2 2UH

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)

Provincial Life Inv. Co. Ltd.♥

222, Bishopsgate, E.C.2.

Prolific Units	81.1	86.9xd	+0.2	3.28
High Income	114.2	122.2xd	-0.3	8.30

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)

Holborn Bars, EC1N 2NH

Prudential	124.0	131.9	+0.5	4.87

Quilter Management Co. Ltd.♥

The Stk. Exchange, EC2N 1HP.

Quadrant Gen. Fd.	103.2	107.5xd	.....	4.30
Quadrant Income	130.4	134.5	.....	7.56

Save & Prosper continued

Scotbits Securities Ltd.♥

Scotbits	36.3	39.0	.....	4.13
Scotyield	49.5	53.2	-0.1	7.64
Scotshares	57.4	61.7	+0.2	4.68
Scot. Ex. Gth.*	241.8	253.2xd	.....	2.51
Scot. Ex. Yld.*	171.1	179.2	.....	7.46

*Prices at Nov. 8. Next sub. day Nov. 22.

Schlesinger Trust Mngrs. Ltd. (a)(z)

140, South Street, Dorking

Target Tst. Mgrs. (Scotland) (a)(b)

19, Athol Crescent, Edin. 3.

Target Amer. Eagle	23.8	25.6	+0.4	1.84
Target Thistle	39.7	42.7xd	+0.2	6.19
Extra Income Fd.	59.4	63.9	.....	10.05

Trades Union Unit Tst. Managers♥

100, Wood Street, E.C.2.

TUUT Nov. 2	49.3	52.5	.....	5.48

Transatlantic and Gen. Secs. Co.♥

91-99 New London Rd. Chelmsford 0245 51651

Finlay Unit Trust Mngt. Ltd.

West Nile Street, Glasgow. 041 204 1321

Internat'l.	21.0	22.6	.....	2.41
Units	24.5	26.3	.....	2.41
Income	34.2	36.8	.....	8.95
EuroFin.	26.2	28.2	.....	2.52
Units	30.5	32.8	.....	2.52
Fd.In.Tst.	28.0	30.1	.....	4.39
Units	32.4	34.8	.....	4.39

Prices Nov. 8. Next dealing Nov. 15.

Income	51.1	55.0	-0.2	6.91
Do. Accum.	59.6	64.2	-0.2	6.91
International	42.5	45.9	+0.2	3.33
Do. Accum.	45.2	48.8	+0.2	3.33
High Yield	61.0	65.7xd	-0.1	8.59
Do. Accum.	66.6	71.7	-0.1	8.59
Equity Exempt*	104.0	109.7	.....	5.77
Do. Accum.*	104.0	109.7	.....	5.77
Japan & Pacific	47.0	50.0	.....	—
Do. Accum.	47.0	50.0	.....	—

*Prices at Oct. 31. Next dealing Nov. 30.

CORAL INDEX: Close 474-479

INSURANCE BASE RATES

Property Growth 10¼%

Vanbrugh Guaranteed 10.87%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

37, rue Notre Dame, Luxembourg.

Alexander Fund	$US6.69		.....	—

Net asset value Nov. 3

Allen Harvey & Ross Inv. Mgt. (C.I.)

1, Charing Cross, St. Helier, Jsy. C.I. 0534-73741

AHR Gilt Edg. Fd.	£10.13	10.17	.....	11.96

Arbuthnot Securities (C.I.) Limited

P.O. Box 284, St. Helier, Jersey. 0534 72177

Cap. Tst. (Jersey)	115.0	119.0	.....	4.20

Next dealing date November 21.

Keyser Ullmann Ltd.

25, Milk Street, EC2V 8JE.

Fonselex	Fr1,386	1,529	-8.10	3.00
Bondselex	Fr136.6	138.6	.....	—
Cent. Assets Cap.	£137.57	137.61	+0.10	—
Keyselex Japan	£12.20		.....	—

King & Shaxson Mgrs.

1 Charing Cross, St. Helier, Jersey. (0534) 73741

Valley Hse. St. Peter Port, Gnsy. (0481) 24706

1 Thomas Street, Douglas, I.O.M. (0624) 4856

Metals Tst. Oct. 19	£12.90	13.22	.....	—
TMT Nov. 9	$US9.96	10.21	.....	—
TMT Ltd. Nov. 9	£9.87	10.13	.....	—

World Wide Growth Management

10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd.	$US15.14			—

NOTES

... include $ premium, except where indicated ♦ and are in pence unless otherwise indicated. Yields % shown in last column allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ◆ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	22½	......	—	—
41	33	Do. 5pc Pref.	35xd	−1	1½p	—
98	98	Chilean Mixed	98	......	—	f3.10
415	350	German Yng 4½pc	411	......	4½	—
54	46	Greek 7pc Ass	50	......	3½	f7.20
51	46	Do 6pc 28 Stab. Ass	49	......	6	f6.24
44	40	Do 4pc Mixed Ass.	40	......	4	f5.13

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 38¼% (based on US$1.9680 per £)
Conversion factor 0.7283 (0.7271)

CANADIANS

S.E. List Premium 38¼% (based on $2.3033 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's	P/E
130	93	Guinness Peat	110	−2	65.15	—	7.0	—
217	155	Hambros	165	−2	9.76	—	8.8	—
100	81	Hill Samuel	82xd	......	†4.97	—	9.1	—
600	200	Do Warrants	200	......	—	—	—	—
360	203	Hong Shng $2.50	254	−13	hQ59c	—	2.7	—
69	52	Jessel Toynbee	57	......	†h3.32	—	8.7	—
215	160	Joseph (Leo) £1	170	+8	8.74	—	7.7	—
55	37	Keyser Ullmann	51	+1	0.67	—	2.0	—
74	56	King & Shax 20p	58	......	3.44	—	9.0	—
114	88	Kleinwort B.L.	88	......	†4.18	—	7.1	—
297	242	Lloyds £1	258	+6	†9.23	4.8	5.3	5.8

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AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex 25c	9	......	—	—	—
140	64	Bougainville 50 Toea	117	......	†Q8c	1.4	4.3
131	63	BH South 50c	112	−2	—	—	—
820	150	Central Pacific	325	+25	—	—	—
336	148	Conzinc Riotinto 50c	254	+4	‡Q10c	2.2	‡
27	9½	Endeavour 20c	16½	+½	—	—	—
75	45	G.M. Kalgoorlie $1	60	.....	—	—	—
68	18	Haoma Gold N.L.	28	......	—	—	—
140	81	Hampton Areas 5p	122	+1	t3.55	2.0	4.3
40	10	Metals Ex. 50c	26	......	—	—	—
223	125	M.I.M. Hldgs. 50c	187	+1	Q9c	1.7	3.0
22	10	Minefields Expl	15	.....	—	—	—
40	10	Mount Lyell 25c	28	−2	—	—	—
7	1½	Newmetal 10c	4¼	−¼	—	—	—
143	79	North B. Hill 50c	105xd	+2	Q8c	1.3	4.7
16½	8½	Nth. Kalgurli	12½	..	—	—	—
50	12	Nth. West Mining	20	..	—	—	—
178	117	Oakbridge $A1	124	..	Q12c	1.9	11.2
42	10	††Oilmin N.L.	26		—	—	—
70	30	Pacific Copper	56		—	—	—
£15½	750	Pancont'l 25c	900	+25	—	—	—
40	12	Paringa M&Ex.5p	16	−½	—	—	—
570	310	Peko Wallsend 50c	454	..	Q15c	φ	2.0
300	50	Southern Pacific	125	−5	—	—	—
164	84	Westn. Mining 50c	132	......	Q3c	0.7	1.4
70	35	Whim Creek 20c	50	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	24	....	2.81	1.3	17.4
420	240	Ayer Hitam $M1	310	−10	Q300c	0.5	20.8
60	45	Beralt Tin	55	......	14.0	4.4	11.4
305	200	Berjuntai $M1	210	−5	Q110c	φ	11.3
185	111	Geevor	170	......	5.04	5.8	4.4
11	8½	Gold & Base 12½p	10½	....	—	—	—
350	220	Gopeng Cons.	310	−5	†15.36	0.9	7.3
310	130	Hongkong	295	......	—	—	—
93	78	Idris 10p	83	......	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	....	—	—	—
84	67	Kamunting $M0.50	67	−1	Q12½c	2.1	4.0
640	450	Killinghall	630	....	Q125	φ	19.9
470	280	Malay Dredging $M1	400	−5	†Q95c	0.8	5.1

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents

$15¼	$10¼	Buffels R1	$11⅝	+⅛	Q170c	1.8	16.9
$11¼	850c	East Drie R1	960c	+15	†Q78c	1.7	10.0
585c	330c	East Rand Prp. R1	410c	.....	—	—	—
$28⅞	$16⅝	F.S. Geduld 50c	$18¼	−¼	Q315c	φ	19.9
$15⅛	975c	Pres. Brand 50c	$11¼	+⅛	Q150c	φ	15.4
$13⅞	900c	St. Helena R1	$10⅛	+⅛	Q190c	φ	21.6
465c	313c	Stilfontein 50c	409c	+5	†Q22c	2.3	6.3
$22½	$16⅛	Vaal Reefs 50c	$18¼	......	Q115c	3.3	7.3
$37	$25	West Drie R1	$29¼	+⅛	Q385c	1.7	14.9
$31¼	$19¼	West Hldgs. 50c	$21⅞	−½	Q415c	φ	21.9
$13½	895c	Western Deep R2	$10⅝	+¼	Q82.5c	2.4	9.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

Δ Sterling denominated securities which include investment dollar premium.

[illegible]

1978-79. ‡ Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 38

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv 20p	26	....
Ash Spinning	60xd	+4½
Bertam	15	....
Bdg'wtr. Est. 50p	323	......
Clover Croft	28	.....
Craig & Rose £1	605	......
Dyson (R. A.) A	37	....
Ellis & McHdy.	66xd	+3
Evered	26	.....
Fife Forge	52	.
Finlay Pkg. 5p	21	...
Graig Ship £1	140	....
Higsons Brew	75	+2
Holt (Jos) 25p	252	.
I.O.M. Stm £1	178	.
N'thn. Goldsmith	64	+1
Pearce (C. H.)	190xd	....
Peel Mills	21	..
Sheffield Brick	48	
Sheff. Refrshmt	66	....
Sindall (Wm.)	112	......

IRISH

Conv 9% '80/82	£89	......
Alliance Gas	95	..
Arnott	340	....
Carroll (P.J.)	95	..
Clondalkin	85	−2
Concrete Prods.	135	.....
Heiton (Hldgs.)	49	.
Ins. Corp	150	−25
Irish Ropes	105	.....
Jacob	55	..
T.M.G.	190	.
Unidare	88	..

OPTIONS

3-month Call Rates

Industrials

A. Brew ... 6½ | "Imps" ... 6 | Unilever ... 35
A.P. Cement ... 18 | I.C.L. ... 20 | Utd Drapery ... 7½
I.C.I. ... 20 | Tube Invest. ... 30

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday November 14 1978

Ford and unions meet tomorrow

By Alan Pike, Labour Correspondent

MORE TALKS on the Ford strike, now nearly two months old, will take place tomorrow at the request of the union side.

Since mass meetings of Ford workers rejected what the company described as its final offer at the beginning of this month neither side has been conspicuously anxious to be the one to get talks going again.

The deadlock was broken yesterday afternoon when Mr. Ron Todd, chairman of the union negotiators, telephoned Mr. Paul Roots, Ford's employee relations director, and made a formal request for a meeting of the national joint negotiating committee.

Mr. Todd, national organiser of the Transport and General Workers Union, said: "There are 57,000 people on strike and if someone has got to make the first move and ask for a meeting I have done it."

The offer rejected by mass meetings at the Ford factories was worth about 17 per cent. It consisted of an average of 9.75 per cent on basic rates, 1.9 per cent in an improved holiday pay system and 5.15 per cent in the form of an attendance allowance.

Although union negotiators will again press for an improvement in the basic rate, much of the objection to the offer at the mass meetings was based on what workers saws as penalty clauses in the attendance allowance. Mr. Roots suggested in a letter to the strikers last week that it might be possible in negotiation to agree more acceptable rules on the lateness and absenteeism aspects of the allowance.

The company is likely to insist, however, in retaining the principle of such an allowance in its eventual pay settlement and will remain determined that it should not be paid to workers during any week in which they have been involved in a strike.

Ford has said that its existing offer would mean that everyone on production shift work including four hours a week overtime could earn more than £100 a week. It is possible that a modest increase in the basic rate coupled with some reorganisation of the attendance plan could produce a different reaction from mass meetings after a strike lasting nearly two months.

Mr. Todd said he had noted the company's indication that it might be prepared to agree different rules on lateness and absenteeism but the unions would not want to discuss these points in isolation.

Two Vauxhall plants refuse to strike. Page 10

VW in talks with computer group

BY JONATHAN CARR BONN, Nov. 13.

VOLKSWAGEN and Nixdorf have been holding talks which could lead West Germany's biggest motor vehicle manufacturer to take a stake in one of the country's most vigorous, privately-owned computer businesses.

The move is the first indication of how VW intends investing its profits so as to diversify into sectors not immediately affected by the fluctuations of the car market.

VW has made it clear this year that such diversification is its aim, but rumours of imminent investments, for example in the mechanical engineering sector, have repeatedly proved unfounded.

Both VW and Nixdorf today confirmed that they had been holding talks, but maintained that these had not yet reached the level of negotiations.

VW said that the matter might be discussed by the company's supervisory board on November 24, but refused to give further details.

There was no direct confirmation from either company of reports that VW was considering taking a 50 per cent stake in Nixdorf for about DM500m (£133m).

The present share capital of Nixdorf amounts to DM110m, most of it in the hands of the Nixdorf family, with 5 per cent of the Preference shares held by Nixdorf employees.

However, such a participation would fit in well with the known aims of both concerns.

It is already clear that VW's net earnings for this year will be higher than those in 1977. First half group net profits were a third up on the same period last year at DM265m.

While the company is clearly delighted, it says that such profit levels, based in particular on the upsurge in the domestic car market, will not continue indefinitely. Hence the desire, as Professor Friedrich Thomée, the company's finance chief, put it, for an acquisition which would stabilise the company's business in the face of cyclical fluctuations.

It has been suggested that VW is keen to make its investment relatively soon—at least before the wage bargaining for next year begins in earnest. VW profits are almost embarrassingly high as the management goes into talks with labour representatives.

By choosing Nixdorf, VW would involve itself with an enterprise with an outstanding success record over 27 years.

The company is virtually the personal creation of Herr Heinz Nixdorf, who identified a growing market for small computers, suited in particular, by tasks and price, to the needs of smaller and medium-sized businesses.

Based in Paderborn, North Rhine Westphalia, the company now has more than 9,000 employees. Last year sales grew by more than 20 per cent to about DM 840m and new orders by 18 per cent to DM 723m.

Orders in hand rose by almost 20 per cent to DM 636m. Further big increases are reported for the first half of this year.

The company's own development and ambitions have brought it to a point where it could well use an injection of funds from, and the support of a highly liquid company like VW.

Herr Nixdorf is not expected simply to sell out and retire, but rather to use VW's engagement as a springboard to further business development.

It is felt that part of this would involve the application of computers and micro-processors to VW's vehicle-making operations.

Return Kirkby co-op to private hands, report says

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE TROUBLED Kirkby Manufacturing and Engineering workers' co-operative will be returned to the private sector to be built up as a central heating equipment factory if the Government accepts the terms of a special working party report it is to receive today.

The report will propose that a small Midlands central heating company, Worcester Engineering, should take over the co-operative's Merseyside factory and expand its radiator and other production with the help of about £2m to £3m Government cash.

This would mean the end for the second of the three controversial workers' co-operatives set up by Mr. Anthony Wedgwood Benn when he was Secretary for Industry four years ago. One of the others, Scottish Daily News, had only a short life. The other, the Meriden motor cycle co-operative, is still in business but is facing financial problems.

Since its creation, the Kirkby co-operative has received £4.8m in general Government grants plus £700,000 temporary employment subsidy. A further £150,000 was awarded last month to tide it over till a new solution was found.

A month ago the Department of Industry set up a working party to see if a way could be found to save the 700 jobs at the co-operative which has been losing up to £20,000 a week.

The working party's report is due to be submitted today to the Government and an announcement is likely later this week. The main recommendation is expected to be the Worcester Engineering takeover although there have been alternative suggestions that the National Enterprise Board should be instructed to run the co-operative. There seems little likelihood that the NEB would do this voluntarily.

An application for Government aid, believed to be around £2m to £3m, has been submitted to the Department of Industry by Worcester Engineering which would want to declare substantial redundancies at Kirkby. The total to be made redundant would however probably be less than the 350 proposed by some concerns which have studied the co-operative.

The company has also said it would want a two-week gap between its offer being accepted and finalisation of the takeover to give it time to make sure its proposals are practicable.

Worcester Engineering was founded in 1972 and makes oil central heating boilers and combination heating units. It employs 230 people at two factories in Worcester and in Derbyshire near Chesterfield. It is expecting a total turnover of £4.75m this year.

It is a privately owned company with its directors holding most of its shares. The only outside shareholder is Security Selection, a dealer in securities which earlier this year was found by the Stock Exchange to have made profits by selling shares in another company to its own unit trust. The Stock Exchange sent its findings to the Department of Trade.

Mr. Peter Walker, the Conservative MP for Worcester, is a close friend of the company's managing director, Mr. Cecil Duckworth.

More U.S. airlines may quit world fare fixing arrangements

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT GENEVA, Nov. 13.

MORE AMERICAN airlines are expected to withdraw in the coming weeks from the fares-fixing activities of the International Air Transport Association.

They are not expected to go as far as Delta Air Lines of the U.S. in leaving the association.

They will probably seek to remain members under a two-tier membership scheme drawn up by IATA, participating in its various other activities, including technical, legal, and safety affairs as well as in the big clearing house through which the world's airlines handle all their complex financial affairs worth several billion pounds a year.

Among U.S. airlines believed to be considering this step are American and Allegheny, and perhaps also United. All three are big domestic operators, but have few international routes.

Others, such as Pan American and Trans World Airlines, are more cautious, because they have big world-wide operations and have found the association's fares conferences useful in some parts of the world.

U.S. airline executives attending the association's annual meeting here have said privately that they believe they will have no option but to withdraw from its fares-fixing conferences, in view of the hostility of the U.S. Civil Aeronautics Board to such practices.

The Board, in a recent "Show Cause" Order, made clear that it would declare the association's fares-fixing methods contrary to the U.S. public interest unless the association can prove otherwise.

The association's executive committee said here today that this "would have the most serious repercussions and place in hazard every aspect of the worldwide multilateral airline framework built up over the past 30 years."

In reply to the U.S., it says it has already moved to revise its methods by proposing creation of a two-tier form of membership which awaits approval of the Governments of all airline members of the association, including the U.S.

If approval were given the airlines could opt out of the fares-fixing machinery in favour of direct inter-airline and inter-governmental fares negotiations, while remaining members of the association for its other activities.

The association says that fares-fixing accounts for only 20 per cent of its activities, its "publicly visible face," and that the other 80 per cent lies in ensuring that the world air transport system runs smoothly and safely.

"Whether this argument satisfies the Civil Aeronautics Board remains to be seen. But it is clear that the U.S. airlines are carefully considering their position.

Even if they do pull out of the fares-making process, enough other airlines will be left in to ensure that the association does not break up.

Many airlines in the Third World have sent strong teams to Geneva, and some openly take a directly opposite view to that of the U.S., arguing strongly and in some cases bitterly against changes in the association's methods.

These airlines include many in Africa, South America and the Middle East. They have made clear that they see the association as a form of protection against the bigger airlines and do not intend to see it broken up by the actions of the U.S., no matter how much these are taken on the grounds of increasing competition and securing cheaper fares.

It is these airlines that Mr. Knut Hammarskjöld, director-general of the association, had in mind when he told the meeting today that he believed the majority of Governments would continue to support it.

Men an Matters Page 22

Gatwick switch may be delayed

BY MICHAEL DONNE AND LYNTON McLAIN

BRITAIN MAY be prepared to postpone the April 1 date for the transfer from Heathrow Airport to Gatwick of all scheduled air services between London, Spain and Portugal.

But Iberia, the Spanish flag-carrier, is determined not to move unless ordered to do so by its Government.

Sr. Manuel de Prado, the Iberia president, said yesterday: "If British Airways, Lufthansa, Air France and KLM move to Gatwick then we will move us well, but until then we stay where we are."

Sr. Prado is in Geneva presiding over the annual meeting of the International Air Transport Association.

The airline was dependent on Heathrow and could lose £20m a year if forced to move, he said. This would be the cost of lost interconnecting business with other airlines and the loss of investments at Heathrow.

The idea of a possible postponement of the transfer would probably be put to Spanish and Portuguese Government officials if they accept a British invitation to visit Gatwick. The Trade Department sent the latest invitation two weeks ago, but neither government has replied.

An agreement on postponement would still leave the Government's airport's strategy intact, provided the delay is not too great.

Gatwick has the capacity to handle more than twice as many passengers as the 7.5m who went through it last year. With the 30m passengers a year capacity at Heathrow expected to be used fully within two years, the Government insists that there has to be a transfer of about 4m passengers over the next few years—even if this is delayed.

The transfers will affect up to 1.25m passengers who fly each year from Heathrow on scheduled flights to all Iberian destinations.

Resolution on Namibia brings UN closer to sanctions

By Our Own Correspondent

UNITED NATIONS, Nov. 13.

THE UNITED Nations Security Council came a step closer to imposing sanctions on South Africa today when it passed a resolution calling on South Africa to cancel immediately its planned elections in Namibia.

The five Western members of the Security Council, including the UK, abstained from the vote, which threatened South Africa with "appropriate actions" if it did not agree to UN supervised elections for Namibia.

The wording of the resolution still leaves room for compromise and calls on Dr. Kurt Waldheim the UN Secretary General to report back on implementation by November 25. Western diplomats said they did not veto the resolution because it would have "closed the doors to the Africans for negotiations."

The Pretoria Government agreed after talks with the five Western members of the Security Council to work towards a UN-sponsored election in Namibia—but only after its own internally organised elections took place on December 4-8. The five were trying to rescue their proposal for UN-supervised elections which would include the participation of the South West African People's Organisation (SWAPO).

Today's resolution warns South Africa that failure to comply with the September resolution to hold UN supervised elections "would compel the Security Council to meet forthwith to initiate appropriate actions under the charter of the United Nations, including Chapter VII thereof, so as to ensure South Africa's compliance with the aforementioned resolutions."

Chapter VII empowers the Security Council to call on all UN members to cease diplomatic and trade relations with any country which threatens international peace. In extreme cases it can also call for the use of force.

Quentin Peel adds from Johannesburg:

Mr. Pik Botha, the South African Foreign Minister said that the Security Council compromise resolution did not necessarily mean that sanctions would be applied against South Africa.

He was in contact with the five Western powers in the Security Council and with Dr. Kurt Waldheim, but did not want to comment on their discussions.

However, Mr. Brand Fourie, the Secretary for Foreign Affairs, said it was "obvious" that the South African Government "is not going to call off the elections."

Continued from Page 1

UK economy

remained at much the same level during the summer months after rising sharply as between the first and second quarters.

The all-industries index between July and September was about ½ per cent lower than in the previous three months, while manufacturing output showed little change. Production of the consumer and intermediate goods industries seems to have fallen slightly, offsetting a 1 per cent rise in the output of investment goods industries.

In September the all-industries index stood at 109.8 (1975=100), the lowest level since March, compared with 110.9 in August. About half a point of the decline is explained by a drop in car, commercial vehicle, and parts production, mainly associated with the Ford dispute.

The overall picture of a patchy recovery is in line with the recent Confederation of British Industry survey of industrial trends, which showed that, after four years, manufacturing industry was moving away from the level of capacity utilisation which is associated with recession.

However, the survey cautioned: "For manufacturing as a whole the improvement to date in new orders and in output is well short of spectacular."

Nevertheless, over the three months to September the all-industries index was about 4 per cent higher than in the same period a year ago, while manufacturing output was 1½ per cent up.

The difference is largely explained by the growth of North Sea production. A distinct slackening in the growth of this sector was one reason for the flatter trend in overall output in the last three months.

Continued from Page 1

BL closure

addition to those at Southall, according to unofficial estimates.

Some 250 employees at Southall have already volunteered for redundancy under proposals put forward in August this year.

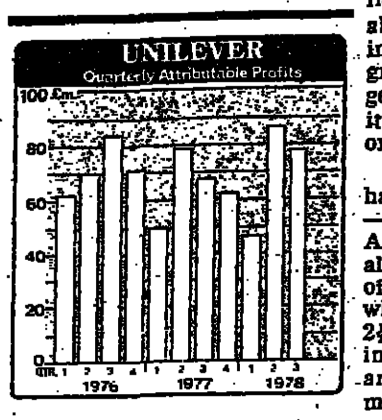
Details were also given yesterday of compensation terms, including those for the workforce's co-operation in achieving a smooth transfer of work. They are understood to be broadly similar to those offered earlier this year to employees at the Triumph Speke plant on Merseyside, where they ranged from £1,300 to £8,000 with an average of £2,500.

THE LEX COLUMN

Upturn continues for Unilever

It was the turn of National Westminster Bank yesterday to take the lead on the interest-rate whirligig. Up went its base rate to 12½ per cent., and as it is the monthly banking make-up day tomorrow the pressure will be on the other clearing banks to follow suit this morning or face problems with their corsets. There were those in the money markets yesterday who felt 13 per cent rather than 12½ per cent was the right level for base rates, but with one-year rates close to half a point below one-month rates the majority view seems to be that the present interest-rate crunch will not last too long.

Index rose 1.3 to 474.5



Unilever

The surprisingly fast upturn in European consumer demand which was a feature of Unilever's second quarter has continued right through the latest three months. This is the message from yesterday's third quarter report, which shows pre-tax profits of £171m for July-September, against a corresponding £145m. In volume terms, the third quarter has seen growth of 6 per cent, following a 4 per cent improvement in the second quarter, and a slight decline in the first. However, this impressive third quarter performance has to be seen in the context of a very poor corresponding period—mainly in the important European markets. And the pre-tax margin for the period is only half a point higher at 6.9 per cent.

The European improvement extends across fats, frozen foods and detergents in consumer products, chemicals on the industrial side, and animal feeds. But for some mysterious reason the toilet preparation products have faced weak markets, while results of paper, plastics and packaging are down in line with the industry. North American profits are lower, partly as a result of a major new advertising campaign to put Lever Brothers back on the map in detergents and toilet products.

Even without these extra promotion costs Lever Brothers would have had a flat period at best. On the other hand, Liptons has achieved what Unilever describes as another good result. The same is said to apply to the new acquisition, National Starch, though after initial heavy interest charges this has had little impact on profits at this stage. Elsewhere UAC, the African trading arm, once again did well, but Unilever is striking a warning note about profit growth prospects in Nigeria from now on.

Altogether, Unilever now seems set for full-year profits of about £620m (£550m) pre-tax. At 540p this puts Ltd's shares on a prospective fully taxed p/e of about 7, but the yield is only 3.8 per cent.

Commercial Union

A strong third quarter from Commercial Union points the way to profits for the year of roughly £140m pre-tax, up from £99.8m in 1977. It also suggests the possibility of further modest progress in profits during 1979, despite the increasing indications of a downturn to come in the U.S. underwriting cycle.

Profits after nine months are up by a half at £101.1m pre-tax, and the rise would have been even sharper but for the weakness of the dollar. The adverse impact could be ironed out by the end of the year, however, since sterling was already up to $1.92 by the end of last December. Other plus points include the U.S., which managed to produce a small underwriting profit during the third quarter, and what looks like a healthy performance by the UK business.

CU is already noticing signs of increasing competition in the U.S., especially in the commercial lines, and it is expecting the climate to get tougher next year. Against that, there is a real chance that underwriting losses in the Netherlands—which could reach £11m this year—will fall by several millions in 1979, when there will also be scope for improvement in Canada. In addition, the growth in investment income is gently accelerating. This year, it could rise by a tenth to £140m or so.

The solvency margin—which has risen to nearly 60 per cent—is no longer a worry for CU. And the shares at 142p yield almost 9 per cent on the basis of the likely 1978 dividend, which could be covered roughly 2½ times by prospective earnings of 22p per share. Yet they are unlikely to see much excitement at this stage in the cycle.

Dawson/Haggas

Originally John Haggas settled for just under 28 per cent of the combined equity which would have been in issue after the mooted takeover by Dawson International. Now, after the dust of the intervention by William Baird has settled, new terms have been agreed which give Haggas only 24½ per cent of the joint equity (together with an unchanged cash element of £12.5m). So the effect of the higher Dawson share price achieved thanks to the unsuccessful bid by Baird, its major shareholder, is that Dawson needs to issue 2.8m fewer new shares (in their new split form) worth £2.4m. Moreover the promised dividend is 14p a share rather than the 8p initially planned, and this time Dawson does not need to use the device of a new holding company to escape dividend controls but can make a straight offer. The actual terms consist of 10 Dawson plus £9 in cash for every nine Haggas, valuing the latter's shares at around 194p.

So with the Dawson share price more than a tenth higher than before the Baird bid, Baird may now think its action well worthwhile — especially since its annual net dividend income will now be £0.77m higher than would have been the case under the original terms. But although it will still own more than a fifth of the equity of the new company, it is questionable whether it will any longer be able to claim the degree of Boardroom influence which could justify consolidating its share of profits.

Weather

RAINY except in S.

London, S.E. England, E. Anglia, S.W., Cent. S. England, Midlands, Channel Isles, S. Wales

Dry; bright intervals. Max. 11C (52F).

E., N.W., Cent. N. England, N. Wales

Occasional rain. Wind S.W., fresh or strong. Max. 10C (50F).

Isle of Man, N.E. England, Borders, Edinburgh, Dundee, S.W. Scotland, Glasgow, N. Ireland

Rain at times. Wind S.W., strong to gale. Max. 9C (48F).

Aberdeen, Cent. Highlands, Moray Firth, N.E., N.W. Scotland, Argyll, Orkney

Rain, heavy at times, wintry on hills. Wind S.E., strong to gale. Max. 7C (45F).

Shetland

Rain, squally showers later. Wind S.W., strong to gale. Max. 6C (43F).

BUSINESS CENTRES

	Y'day midday	°C	°F		Y'day midday	°C	°F
Amsdm.	[illegible]	[illegible]	[illegible]	Manchstr.	[illegible]	[illegible]	[illegible]
Athens	[illegible]	[illegible]	[illegible]	Melbourne	[illegible]	[illegible]	[illegible]
Bahrain	[illegible]	[illegible]	[illegible]	Mexico C.	[illegible]	[illegible]	[illegible]
Barcelona	[illegible]	[illegible]	[illegible]	Milan	[illegible]	[illegible]	[illegible]
Belfast	[illegible]	[illegible]	[illegible]	Montreal	[illegible]	[illegible]	[illegible]
Belgrade	[illegible]	[illegible]	[illegible]	Moscow	[illegible]	[illegible]	[illegible]
Berlin	[illegible]	[illegible]	[illegible]	Munich	[illegible]	[illegible]	[illegible]
Brmghm.	[illegible]	[illegible]	[illegible]	Newcastle	[illegible]	[illegible]	[illegible]
Bristol	[illegible]	[illegible]	[illegible]	New Delhi	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	New York	[illegible]	[illegible]	[illegible]
Budapest	[illegible]	[illegible]	[illegible]	Oslo	[illegible]	[illegible]	[illegible]
B. Aires	[illegible]	[illegible]	[illegible]	Paris	[illegible]	[illegible]	[illegible]
Cairo	[illegible]	[illegible]	[illegible]	Perth	[illegible]	[illegible]	[illegible]
Cardiff	[illegible]	[illegible]	[illegible]	Prague	[illegible]	[illegible]	[illegible]
Chicago	[illegible]	[illegible]	[illegible]	Reykjavik	[illegible]	[illegible]	[illegible]
Cologne	[illegible]	[illegible]	[illegible]	Rio de Jo	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	Rome	[illegible]	[illegible]	[illegible]
Edinburgh	[illegible]	[illegible]	[illegible]	Singapore	[illegible]	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]	[illegible]	Stockholm	[illegible]	[illegible]	[illegible]
Geneva	[illegible]	[illegible]	[illegible]	Strasbg.	[illegible]	[illegible]	[illegible]
Glasgow	[illegible]	[illegible]	[illegible]	Sydney	[illegible]	[illegible]	[illegible]
Helsinki	[illegible]	[illegible]	[illegible]	Tehran	[illegible]	[illegible]	[illegible]
H. Kong	[illegible]	[illegible]	[illegible]	Tel Aviv	[illegible]	[illegible]	[illegible]
Jo'burg	[illegible]	[illegible]	[illegible]	Tokyo	[illegible]	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]	[illegible]	Toronto	[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]	Vienna	[illegible]	[illegible]	[illegible]
Luxemb's	[illegible]	[illegible]	[illegible]	Warsaw	[illegible]	[illegible]	[illegible]
Madrid	[illegible]	[illegible]	[illegible]	Zurich	[illegible]	[illegible]	[illegible]

HOLIDAY RESORTS

Ajaccio	[illegible]	[illegible]	[illegible]	Jersey	[illegible]	[illegible]	[illegible]
Algiers	[illegible]	[illegible]	[illegible]	Las Plms.	[illegible]	[illegible]	[illegible]
Biarritz	[illegible]	[illegible]	[illegible]	Locarno	[illegible]	[illegible]	[illegible]
Blackpool	[illegible]	[illegible]	[illegible]	Majorca	[illegible]	[illegible]	[illegible]
Bordeaux	[illegible]	[illegible]	[illegible]	Malaga	[illegible]	[illegible]	[illegible]
Boulogne	[illegible]	[illegible]	[illegible]	Malta	[illegible]	[illegible]	[illegible]
Casablanca	[illegible]	[illegible]	[illegible]	Nairobi	[illegible]	[illegible]	[illegible]
Cape Town	[illegible]	[illegible]	[illegible]	Naples	[illegible]	[illegible]	[illegible]
Corfu	[illegible]	[illegible]	[illegible]	Nice	[illegible]	[illegible]	[illegible]
Dubrovnik	[illegible]	[illegible]	[illegible]	Nicosia	[illegible]	[illegible]	[illegible]
Faro	[illegible]	[illegible]	[illegible]	Oporto	[illegible]	[illegible]	[illegible]
Florence	[illegible]	[illegible]	[illegible]	Rhodes	[illegible]	[illegible]	[illegible]
Funchal	[illegible]	[illegible]	[illegible]	Salzburg	[illegible]	[illegible]	[illegible]
Gibraltar	[illegible]	[illegible]	[illegible]	Tangier	[illegible]	[illegible]	[illegible]
Guernsey	[illegible]	[illegible]	[illegible]	Tenerife	[illegible]	[illegible]	[illegible]
Innsbruck	[illegible]	[illegible]	[illegible]	Tunis	[illegible]	[illegible]	[illegible]
Inverness	[illegible]	[illegible]	[illegible]	Valencia	[illegible]	[illegible]	[illegible]
Isle of Man	[illegible]	[illegible]	[illegible]	Venice	[illegible]	[illegible]	[illegible]
Istanbul	[illegible]	[illegible]	[illegible]				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow.

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